

Petrostem Group Limited  
Petrostem Rentals Limited  
Petrostem International Limited  
all in Liquidation (together “the Companies”)

Six Monthly Progress Report

27 February 2020

Ernst & Young LLP



## Abbreviations

The following abbreviations are used in this report:

BoS	Bank of Scotland plc
Court	The Royal Court of Jersey
Creditors' Report	Creditors' Meeting Report dated 3 October 2018
date of appointment	28 August 2018
EY	Ernst & Young LLP
Joint Liquidators	CP Dempster, GD Yuill and SA Gardner
Maxtube Group	Maxtube Holdings Limited and its subsidiary undertakings
MRS Group	Machine Rebuilding & Sales Limited and its subsidiary undertakings
PAL	Petrostem Assets Limited
PGL	Petrostem Group Limited – in Liquidation
PIL	Petrostem International Limited – in Liquidation
Pioneer Group	Pioneer Group Ventures Limited and its subsidiary undertakings
PRL	Petrostem Rentals Limited – in Liquidation
PUK	Petrostem (UK) Limited – In administration
the Banking Group	together, the PPG Group, the Petrostem Group and the Maxtube Group
the Companies	Petrostem Group Limited – in Liquidation Petrostem Rentals Limited – in Liquidation Petrostem International Limited – in Liquidation
the Innospection Group	Innospection Group Limited and its subsidiary undertakings
the Law	Companies (Jersey) Law 1991
the Major Creditors	Salzgitter Mannesmann International (USA) Inc. Salzgitter Mannesmann International GmbH Longulf Trading (UK) Limited Traxys North America LLC
the Petroleum Pipe Group	Petroleum Pipe Group Limited (In Liquidation) and its subsidiary undertakings
the Petrostem Group	The Petrostem Group of Companies, a structure chart for which is provided at Appendix B

## Contents

1. Introduction .....	2
2. Conduct of the liquidations since 27 August 2019 .....	3
3. Outcome for creditors.....	9
4. Liquidators' receipts and payments.....	11
5. Costs of the liquidation, the Joint Liquidators' remuneration, disbursements and payments to other professionals .....	12
6. <b>Other matters</b> .....	<b>15</b>
Appendix A Statutory information .....	17
Appendix B Group structure.....	19
Appendix C Receipts and Payments – PGL.....	20
Appendix D Receipts and Payments – PIL.....	21
Appendix E Receipts and Payments – PRL.....	23
Appendix F Time properly given analysis – PGL .....	25
Appendix G Time properly given analysis – PIL.....	26
Appendix H Time properly given analysis – PRL .....	27

## 1. Introduction

### 1.1 Introduction

On 28 August 2018, the Royal Court of Jersey ('the Court') ordered that, pursuant to Article 155 of the Companies (Jersey) Law 1991 ('the Law'), Petrostem Group Limited ('PGL'), Petrostem International Limited ('PIL') and Petrostem Rentals Limited ('PRL') (together, 'the Companies') be placed into Just and Equitable Winding Up and that CP Dempster, SA Gardner and GD Yuill be appointed Joint Liquidators for the purposes of such winding up.

I write, in accordance with paragraph 11 of the Act of the Court under which the Joint Liquidators were appointed, to provide creditors with a report on the progress of the Liquidations. This report covers the period from 28 August 2019 to 27 February 2020 and should be read in conjunction with the Creditors' Meeting Report dated 3 October 2018, our six month progress report to 27 February 2019 and six month progress report to 27 August 2019.

Certain statutory information relating to the Companies and the appointment of the Joint Liquidators is provided at Appendix A.

SA Gardner, CP Dempster and GD Yuill are UK licenced insolvency practitioners and, consequently, are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the liquidations.

### 1.2 Creditors' Meeting and Liquidation Committee

By the Act of Court under which the Joint Liquidators were appointed, the Court instructed the Joint Liquidators to convene a meeting of creditors within 6 weeks of the date of appointment.

The purpose of the meeting was to lay before that meeting an account of the circumstances giving rise to the insolvency of the Companies, the Joint Liquidators' proposed strategy in relation to the liquidations and, in accordance with Article 162 of the Law, to afford creditors the opportunity to elect a Liquidation Committee.

As previously reported, the meeting was held on 4 October 2018 and no liquidation committee was elected for PGL, PIL or PRL. However, a Creditors' Steering Committee was elected in respect of the liquidations of the Companies and also of two related companies in the PPG Group.

We liaise with the Creditors' Steering Committee on a regular basis, as required, in relation to the liquidations of the Companies. In particular, we convened a first meeting of the Creditors' Steering Committee on 27 November 2018 and have provided the Committee with written updates on 20 December 2018, 6 February 2019, 17 May 2019 and 30 October 2019. We also engage with the Creditors' Steering Committee in respect of specific aspects of the liquidation of the Companies as and when required. We expect to convene a further meeting of the Committee in April 2020.

## 2. Conduct of the liquidations since 27 August 2019

### 2.1 Purpose of the liquidation

As detailed in the Creditors' Report, the Joint Liquidators strategy in respect of the insolvency of the Petrostem Group, including PGL, PRL and PIL, is to:

- ▶ Cease to trade the business of each of the entities to which the Joint Liquidators have been appointed (subject to the point noted below in relation to trade debtors);
- ▶ Collect in the trade debtor balances due to the Companies. In order to protect the collection of these trade debtor balances, the Joint Liquidators determined that it was appropriate to allow existing customers to continue to use existing equipment on hire whilst a managed handover of their rental contracts to a new supplier over an agreed period is arranged. No new rentals will, however, be commenced.
- ▶ Market for sale the individual assets, primarily the Petrostem Group's rental assets (drilling pipe).

To assist in the above the Joint Liquidators retained 20 of Petrostem Group's employees. Of these employees, 19 were paid by PIL (15 were based in Dubai and 4 in Erbil, Iraq) and one by PUK. The remaining employees of PIL (16) and PUK (2) were made redundant immediately prior to the appointment of the Joint Liquidators.

Further headcount reductions have been made throughout the period of the Liquidations and following completion of certain matters relating to customs duty for PIL in Dubai, the last employee left the business on 31 January 2020.

### 2.2 Asset realisations – PGL

The principal assets of PGL comprise its shareholdings in its five wholly-owned subsidiaries, intragroup receivable balances due from certain of those entities and intergroup receivables due from the Pioneer and Innospection Groups.

#### 2.2.1 Sale of Petrostem trade name

As previously reported, the Petrostem trade name was sold to Petrostem Qatar Limited, a related party, for a consideration of \$20k.

#### 2.2.2 Shareholdings in subsidiaries

As detailed in the Creditors' Report each of the entities within the Petrostem Group will be wound-down in insolvency (in the case of PIL, PRL and PUK) or on a managed business by their existing directors, subject to the supervision of the Joint Liquidators of PGL. No sums will be realised from the shareholdings of PGL's subsidiaries.

### 2.2.3 Intragroup and intergroup balances

A summary of the intragroup and intergroup balances due to PGL as at 28 August 2018 is provided below.

#### Intragroup receivable balances

	At 28 August 2018 (\$m)	Estimated recovery
Petrostem UK Limited (In Administration)	4.2	1.7% of the balance
Petrostem Asia Pte Limited	12.7	Discussed below
Petrostem Malaysia Sdn Bhd	4.7	Discussed below
<b>Total</b>	<b>21.6</b>	

The operations of both Petrostem Asia Pte Limited ('PSA') and Petrostem Malaysia Sdn Bhd ('PSM') are being wound down by their existing directors on a managed basis, subject to the supervision of the Joint Liquidators of PGL.

The principal assets of both PSA and PSM are its rental assets. These assets, together with certain of the rental assets of PPC Limited (In Official Liquidation), were sold for a total consideration of \$4.0m of which \$1.3m and \$0.7m is attributable to PSA and PSM, respectively.

The Joint Liquidators of PGL have agreed and received interim repayments of \$0.9m and \$0.7m of the balances due from PSA and PSM respectively. Further repayments from PSA and PSM of the intergroup receivables due to PGL (c. \$0.1m in aggregate) are anticipated. However, these balances are yet to be finalised and are dependent on collection of debtor balances and the progress of their solvent liquidation processes (which are due to commence shortly).

#### Intergroup receivable balances

	At 28 August 2018 (\$m)	Comments
Pioneer Group	28.3	Discussed below
Innospection Group	2.2	Discussed below
<b>Total</b>	<b>30.5</b>	

Our previous report detailed our rejection of the settlement offer received from the Pioneer and Innospection Groups of \$0.3m in relation to the amounts due to both the PPG and Petrostem Groups (Pioneer Group - \$38.0m; Innospection Group - \$10.6m).

As previously reported, subsequently we had been approached by an independent third party, interested in acquiring the Pioneer Group on a debt free basis. These discussions are continuing, and heads of terms have now been agreed with that party. The price agreed represents a material discount to the debt due to PGL by Pioneer Group. We have considered alternative approaches to realising value from this debt but consider that acceptance of this offer is in the best interests of the creditors of PGL, in light of the likely realisations from or uncertainties associated with those alternatives. We are, therefore, now documenting the conditional conversion of the debt due to PGL to equity in Pioneer

Group to allow the transaction to proceed. We will update creditors on progress in our next report.

We have received no interest in the Innospection Group and continue to consider how best to realise the substantial balance due by that Group.

## 2.3 Asset realisations – PIL

PIL's principal assets comprise fixed assets, debtor balances due by its customers and intragroup debtor balances due to it by other entities within the Petrostem Group, and certain entities within the Petroleum Pipe Group.

### 2.3.1 Fixed assets

At the date of our appointment, PIL held plant, machinery and office equipment with a net book value of £nil.

#### IT equipment

As previously reported, PIL sold its IT equipment and software to Maxtube ME Limited, a related party, for a consideration of \$7k plus a contribution of \$2k in respect of our costs in completing the sale.

#### Vehicles

PIL held three vehicles at the date of appointment. All vehicles have now been sold for consideration totalling \$9k.

#### Plant and machinery

Offers were received and accepted for PIL's plant and machinery totalling \$8k and these sales were completed at the time of our last report.

No further realisations from fixed asset are anticipated.

### 2.3.2 Trade debtor balances and post-appointment trading

As at the date of our appointment, trade debtor balances due to PIL aggregated \$0.4m; and this balance has been collected in full.

Accrued income, comprising uninvoiced amounts due in respect of the rental of assets to 28 August 2018, totalled \$0.3m, which has been collected in full, with the exception of c\$2k.

As detailed in the Creditors' Report, the Joint Liquidators' strategy in relation to the collection of trade debtor balances from ongoing rentals was to seek to agree with the customer a managed handover of their rental contract. This was considered the best approach to facilitate full settlement of any receivable balances.

Consequently, PIL has invoiced post-appointment rentals aggregating \$0.2m, which have been collected in full.

### 2.3.3 Deposits

As at the date of appointment, PIL had paid several deposits to local authorities in the UAE totalling \$72k, of which \$37k has been recovered. Further recoveries are anticipated to be minimal.

#### 2.3.4 Prepayments

As at the date of appointment, PIL had prepayments of \$120k relating to prepaid rent. No recoveries are anticipated.

#### 2.3.5 Intragroup and intergroup receivable balances

As at 28 August 2018, PIL's balance sheet detailed an intragroup receivable of \$7.6m from PGL.

As detailed above, PGL is subject to Jersey liquidation proceedings and an interim distribution of \$63k has been received from the liquidation of PGL. A further recovery of c.\$25k is currently estimated.

#### 2.3.6 VAT and tax refunds

As at the date of appointment, PIL's accounts showed that it was due a refund of \$13k in relation to pre-appointment VAT in the UAE. Returns have been submitted and a refund received of \$11k.

Prior to the appointment of the Joint Liquidators a payment was made from PIL to HM Revenue & Customs in the United Kingdom on behalf of PUK for \$6k, which was subsequently recalled. This amount was returned to PIL following the appointment of the Joint Liquidators.

#### 2.3.7 Cash on appointment

PIL had cash at bank totalling \$0.2m held at NBF and Standard Bank at the date of appointment. This amount has been transferred into the Joint Liquidators' bank accounts.

### 2.4 Asset realisations – PRL

PRL is the principal asset owning entity within the Petrostem Group. Its principal assets comprise rental assets, plant and machinery, debtor balances due by its customers and intragroup debtor balances due to it by other entities within the Petrostem Group. It also holds 100% of the shareholding in Petrostem Assets Limited ('PAL'), a non-trading subsidiary which holds few assets beyond a debt of \$2m due to it by PGL. As part of the solvent wind-down of PAL, this debt of \$2m due to PAL by PGL was assigned to PRL.

#### 2.4.1 Transactions in advance of insolvency

As detailed in the previous progress report, prior to the appointment of the Joint Liquidators, the directors of PRL novated the contract held by PRL with RASGAS for the rental of drill pipe in Qatar to Petrostem Qatar Limited ('PQL') for a consideration based on the profit generated from this contract until its expiry in 2021. A non-refundable deposit in respect of this consideration of \$0.1m has been received.

Assignment of the contract also facilitated the collection in full of debtor balances and accrued income due to PRL totalling \$0.5m as at the date of the Joint Liquidators' appointment, together with an additional c\$50k relating to subrental of equipment to PQL.

The Joint Liquidators are unable to provide an estimate at this stage of any potential further realisations due under the terms of the novation. However, the Joint Liquidators receive periodic updates from PQL with regard to its financial performance.

#### 2.4.2 Rental assets

As at the date of our appointment, PRL held rental assets, principally comprising drill pipe and related tools / accessories, with a net book value of \$5.6m.

As previously reported, five separate sales of assets have been agreed and completed, generating gross proceeds of \$1.0m for PRL.

In addition, there remains a further \$80k worth of assets in Egypt which had previously been consigned to a customer in Egypt. These assets are currently being shipped to Dubai in batches, however this process is protracted. A sale of these assets has been agreed but will not complete until all the assets have been transferred back to Dubai. Given the protracted timeline, and low level of potential realisations from this sale, the Joint Liquidators are currently assessing their options in relation to these assets.

#### 2.4.3 Other fixed assets

At the date of our appointment, PRL held plant, machinery and office equipment with a net book value of \$0.3m. These assets predominantly comprise plant and machinery located in Dubai and Saudi Arabia. The Joint Liquidators concluded sales of these assets located in Dubai for \$26k and for the assets located in Saudi Arabia for \$80k.

#### 2.4.4 Trade debtor balances and post appointment trading

As at the date of our appointment, trade debtor balances due to PRL aggregated \$1.4m and accrued income totalled \$0.9m. To date, \$2.1m of these amounts had been collected. The Joint Liquidators are continuing to pursue the remaining balances. However, the prospects of further realisation are unknown at this stage.

As detailed in the Creditors' Report, the Joint Liquidators' strategy in relation to the collection of trade debtor balances from ongoing rentals was to seek to agree with the customer a managed handover of their rental contract. This was considered the best approach to facilitate full settlement of any receivable balances. Consequently, PRL has invoiced post-appointment rentals aggregating \$0.3m, and whilst we have collected \$0.3m, there are two small debtor balances still outstanding which we continue to pursue.

#### 2.4.5 Intragroup and intergroup receivable balances

As at 28 August 2018, PRL had intragroup receivable balances totalling \$17.0m due to it by PGL. PGL is subject to liquidation proceedings in Jersey and an interim distribution of \$142k has been received from the liquidation of PGL with a further recovery of c\$60k currently estimated. In addition, PRL has also received c\$17k in respect of the interim distribution from PGL that was due to PAL.

As at 28 August 2018, PRL had intergroup receivable balances totalling \$1.9m due to it by Petroleum Pipe Middle East FZE, a related entity. No recoveries are anticipated.

#### 2.4.6 VAT refund

As at the date of appointment, PRL's accounts showed that it was due a refund of \$23k in relation to pre-appointment VAT in the UAE. Returns have been submitted and a refund received of \$19k.

#### 2.4.7 Deposits and prepayments

As at the date of appointment, PRL had deposits and prepayments totalling \$29k relating to a security deposit and lease payment in respect of PRL's operations in Erbil. No recoveries are anticipated.

#### 2.4.8 Investments

PRL has one wholly-owned investment, Petrostem Assets Limited ('PAL'). No recovery from PRL's shareholding in PAL is anticipated. However, as noted above, the debt of \$2m due by PGL to PAL has been assigned to PRL. PAL is now in the process of being dissolved.

#### 2.4.9 Cash on appointment

PRL had cash at bank totalling \$9k at the date of appointment. This amount has been transferred into the Joint Liquidators' bank accounts. In addition, PRL had cash held with BoS of \$22k and, as BoS has no claim in PRL, this balance has also now been transferred into the Joint Liquidators' bank accounts.

### 2.5 Asset realisations for the Petrostem Group

The other insolvent entity within the Petrostem Group - Petrostem (UK) Limited (In Administration) ('PUK') - is not registered in Jersey and is subject to the insolvency proceedings in the United Kingdom. Accordingly, PUK is not within the remit of this report. Notwithstanding this, the Joint Liquidators recognise the inter-linked nature of the Petrostem Group and therefore detailed discussion of the insolvency proceedings and potential asset realisations for PUK is provided within the separate report to the creditors of PUK which is available from the following website:

<https://www.ey.com/uk/en/services/transactions/restructuring/ey-ppg-petrostem-insolvencies>

### 2.6 Investigations

As detailed in our previous report, the Joint Liquidators have performed a thorough review of the conduct of the directors in the lead up to the insolvency of the Companies.

Following that review, the Joint Liquidators continue to investigate certain matters raised by our investigations and are in correspondence with the Directors and their advisers in this regard. When we have received and reviewed all of the requested information, we will consider with our legal advisers and the Creditors' Steering Committee whether any further action is warranted.

No funding has been provided by any third parties to meet the costs of these investigations.

### 3. Outcome for creditors

We provide below, for information, an indication of the current position with regard to creditors' claims.

#### 3.1 Secured creditors

The principal lender to the Companies is Bank of Scotland plc (BoS). BoS has submitted formal claims against both PGL and PIL of \$28.0m. This debt comprises amounts directly owed by the Petrostem Group to BoS and amounts due to BoS by the Petrostem Group under cross-guarantees granted in favour of BoS in relation to lending to certain companies within the PPG and Maxtube Groups.

Whilst both PGL and PIL granted in favour of BoS an English law debenture, the claims submitted by BoS do not make any reference to the securities granted by either company and BoS has confirmed that it is not making any secured claim thereunder. Accordingly, BoS's claim in the liquidations of PGL and PIL will, therefore, be an unsecured non-priority claim.

We have reviewed the make-up of the value of BoS's claims and adjudicated them at \$26.5m against each of PGL and PIL.

BoS holds no security in relation to PRL and has not submitted a claim against this company.

#### 3.2 Priority creditors

Neither PGL nor PRL employed any employees. Accordingly, the balance due to priority creditors for both PGL and PRL is \$Nil in respect of claims for employees' salaries and holiday pay. We are also currently not aware of any other priority creditors under the Law.

Whilst PIL paid 35 employees, their contracts of employment were held with and VISAs were issued by various entities, including some entities out with the Petrostem Group.

Priority claims in respect of unpaid holiday pay for four employees totalling \$4k have been paid in full. The receipts and payments account for PIL at Appendix D shows a payment in respect of these claims of \$3k. The balance has been paid to an employee by their new employer in Iraq and PIL is due to reimburse that company in due course.

We are currently not aware of any other priority creditors under the Law.

#### 3.3 Unsecured non-priority creditors

On 9 December 2019, we wrote again to all known creditors of the Companies and advised them that any claims in the insolvency of the Companies required to be notified to the Joint Liquidators by 24 January 2020.

We have now adjudicated on all but three claims (including BoS). We now, therefore, anticipate that the total level of unsecured non-preferential creditors in PGL, PIL and PRL will be \$96.1m, \$40.4m and \$69.4m, respectively.

Based on the information available to us, creditors of PGL may recover c. 1.2% of the amounts due to them from its insolvency process and I am pleased to confirm that an interim distribution of \$800k (0.8%) was paid to unsecured non-priority creditors in February 2020.

Based on the information available to us, creditors of PIL may recover c. 0.2% of the amounts due to them from its insolvency process. No distributions have yet been made to the unsecured non-priority creditors of PIL.

Based on the information available to us, creditors of PRL may recover c. 2.7% of the amounts due to them from its insolvency process and I am pleased to confirm that \$1.8m (2.6%) was paid to unsecured non-priority creditors in February 2020.

Further dividends will be paid when further asset realisations have been made and the various costs of the liquidations have been finalised.

### 3.4 Creditor claims

If you have not yet submitted a formal claim in the liquidations and you wish to participate in any future distributions, please complete and return a proof of debt form along with any supporting documentation (invoices, statements, contracts, etc.) to Gordon Wilson at this office or by email to [petrostemgroup@uk.ey.com](mailto:petrostemgroup@uk.ey.com). The proof of debt form can be downloaded from the following web site:  
<https://www.ey.com/uk/en/services/transactions/restructuring/ey-ppg-petrostem-insolvencies>

Certain debts due from the Companies may have priority in accordance with Article 166 of the Law. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in either Companies' possession, please forward details to me as soon as possible.

Any sums due to either company arising after our appointment must be paid in full and without set-off against any debts incurred by the relevant company prior to our appointment.

## 4. Liquidators' receipts and payments

A summary of the Liquidators' receipts and payments for the period from 28 August 2019 to 27 February 2020 is attached at Appendix C for PGL, Appendix D for PIL, and Appendix E for PRL.

## 5. Costs of the liquidation, the Joint Liquidators' remuneration, disbursements and payments to other professionals

### 5.1 Cost of the liquidation

In accordance with Article 165 of the Law, all costs, charges and expenses properly incurred in a winding up, including the remuneration of the liquidator, are payable out of the Companies' assets in priority to all other claims.

### 5.2 Remuneration and disbursements

By order of the Act of Court, the Joint Liquidators are permitted to charge their remuneration and any reasonable costs, charges and expenses of the Liquidation in accordance with Article 165 of the Law.

The above, in accordance with Article 163 of the Law, is subject to agreement between the Joint Liquidators and the Liquidation Committee or, if there is no Liquidation Committee, between the Joint Liquidators and the creditors or, failing such an agreement, as is fixed by the Court.

As no liquidation committee was formed, the Joint Liquidators wrote to the general body of creditors on 11 October 2018 seeking approval for:

- ▶ Their remuneration to be fixed on the basis of time properly given at the hourly rates set out below;
- ▶ Approval to draw their disbursements;
- ▶ For the Joint Liquidators to draw, as an interim claim, their remuneration for the period from the date of their appointment to Friday 21 September 2018; and
- ▶ That the Joint Liquidators may draw their remuneration four weekly in arrears subject to the provision in advance of a statement of such costs.

These resolutions were passed by the general body of creditors on 26 October 2018.

Grade	Hourly rate (\$)	Equivalent hourly rate (£)
Partner	855	658
Executive Director / Director	700	538
Senior Manager	590	454
Manager	490	377
Senior (Level 3)	450	346
Senior (Level 1 / 2)	355	273
Analyst	210	162
Intern	185	142

Note: Equivalent hourly rate is based on exchange rate of £1 / \$1.30

To 27 February 2020, the Joint Liquidators have incurred time costs (based on the above hourly rates) of \$368,384, \$559,166 and \$606,577 in relation to PGL, PIL and PRL respectively. Attached at Appendices F, G and H are detailed analyses of these time costs. To date, \$134,316 has been paid in respect of PGL; \$207,279 has been paid in respect of PIL; and \$437,093 has been paid in respect of PRL.

Subsequent to the date of this report, further fees of \$94,097, \$269,356 and \$104,093 have been drawn in respect of PGL, PIL and PRL respectively. As such, total fees now drawn are \$228,363, \$476,635 and \$541,186 in respect of PGL, PIL and PRL respectively

The time has principally been spent in relation to the following activities:

- ▶ Fulfilling the statutory obligations required of the Joint Liquidators including preparation of this and the previous progress report, preparation of the Creditors' Meeting Report, and notifying the Joint Liquidators' appointment to all known creditors;
- ▶ Investigating the conduct of the Directors' and the circumstances leading up to our appointment as Joint Liquidators;
- ▶ Liaising with employees of the Companies, instructing payment to them of their employment costs and addressing queries received from them;
- ▶ Liaising with customers of the Companies and facilitating a handover of existing rentals to a new supplier, addressing ongoing requirements in relation to ongoing rentals, collecting amounts due to the Companies from these customers;
- ▶ Liaising with landlords of yards at which the Companies' rental assets are held and of offices occupied by the Companies;
- ▶ Closing PIL's JAFZA-registered branch and obtaining the necessary clearances from authorities;
- ▶ Marketing for sale the rental assets of the Companies, including preparing, in conjunction with our appointed agents, an appropriate sales and marketing strategy, appropriate asset lists and marketing documents, and reviewing offers received from interested parties;
- ▶ Finalising the novation of the RASGAS contract and Petrostem trade name to PQL;
- ▶ Creditor adjudication and addressing correspondence and queries received from creditors; and
- ▶ Calculating and making interim distributions to ordinary non-priority creditors of PGL and PRL.

Appendices F, G and H also include a breakdown of the Joint Liquidators' disbursements and a statement detailing the Joint Liquidators' policy for charging disbursements.

To 27 February 2020, the Joint Liquidators have incurred Category 1 disbursements of \$4,608, \$5,133 and \$10,222 in relation to PGL, PIL and PRL respectively. To date, \$3,151 has been paid in respect of PGL; \$4,385 has been paid in respect of PIL; and \$10,200 has been paid in respect of PRL.

### 5.3 Statement of Liquidators' charging policy for remuneration

The Joint Liquidators have engaged managers and other staff to work on the Liquidations. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Companies' bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Liquidators.

All time spent by staff working directly on case-related matters is charged to a time code established for each entity. Time is recorded in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown at Appendices F, G and H. The current hourly rates are shown above.

### 5.4 Payments to other professionals

By order of the Act of Court the Joint Liquidators are permitted to engage other such professional advisors as the Joint Liquidators may deem appropriate or necessary and providing for their fees and expenses (whether incurred before or after the date on which the Companies were placed into liquidation in accordance with Article 155 of the Law) to be settled in accordance with Article 165 of the Law.

The Joint Liquidators have engaged the services of the following during the course of the liquidations:

Name of firm	Nature of service	How contracted to be paid
Pinsent Masons LLP	Legal advisors - UK and UAE	Time costs
CMS Cameron McKenna Nabarro Olswang LLP	Legal advisors - UK	Time costs
Carey Olsen	Legal advisors - Jersey and Cayman Islands	Time costs
ANM Group	Asset safeguarding and realisation strategy	Time costs
Dean Foster (former director of the Petrostem Group)	Asset marketing and realisation	Combination of day rate and commission
Calash Limited	Energy sector strategy consultants	Time costs
Wallbrook Advisory Limited	Diligence	Time costs

## 6. Other matters

### 6.1 Future conduct of the liquidations

The Joint Liquidators will continue to manage the affairs, business and property of the Companies to achieve the purpose of the liquidations. This will include, inter alia:

- ▶ Collecting in the remaining trade debtor balances due to PRL;
- ▶ Realising any other assets of the Companies, including the remaining rental assets of PRL and the intragroup and intergroup debts due to the Companies;
- ▶ In their capacity as Joint Liquidators of PGL, supervising the managed wind-down of the other subsidiaries of PGL which are not subject to insolvency proceedings, most notably PSA and PSM;
- ▶ Dealing with corporation tax and VAT matters, which includes filing returns;
- ▶ Dealing with creditor enquiries;
- ▶ Completing our investigations into the conduct of the directors in the lead up to the insolvency of the Companies;
- ▶ Adjudicating on the three outstanding unsecured creditor claims and, where possible, making distributions to unsecured creditors;
- ▶ Ensuring all statutory reporting and compliance obligations are met; and
- ▶ Finalising the liquidations of the Companies, including payment of all liquidation liabilities.

### 6.2 The end of the liquidations

At the end of the liquidations the Joint Liquidators shall apply to the Court to close the liquidations and will send a notice to that effect to the Jersey Registrar of Companies. The Companies will be dissolved shortly after registration of the notice.

### 6.3 Matters to be brought to the attention of the Joint Liquidators

In accordance with Article 184 of the Law, the Joint Liquidators are required to report possible misconduct to the Attorney General.

If there are any matters concerning the Companies' affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

### 6.4 Reporting

I will report to you again at the conclusion of the Liquidations or in six months' time, whichever is the sooner.

The report will be made available on the following website:

<https://www.ey.com/uk/en/services/transactions/restructuring/ey-ppg-petrostem-insolvencies>

Should you wish to discuss any aspect of this report, please contact John Louden on 0113 298 2315.

Yours faithfully  
for the Companies



Gavin Yuill  
Joint Liquidator

C P Dempster and G D Yuill are licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants of Scotland. S A Gardner is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales.

The Joint Liquidators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Companies may act as a data processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

## Appendix A Statutory information

### Company Information

Company Name:	Petrostem Group Limited - in Liquidation Petrostem Rentals Limited - in Liquidation Petrostem International Limited - in Liquidation
Registered Office Address:	c/o Ernst & Young LLP Liberation House Castle Street St Helier Jersey, JE1 1EY
Registered Number:	PGL - 102227 PRL - 101632 PIL - 99939
Trading Name(s):	Petrostem

### Details of the Liquidators and of their appointment

Liquidators:	CP Dempster, GD Yuill and SA Gardner
Date of Appointment:	28 August 2018
By Whom Appointed:	The appointment was made by an Act of the Royal Court of Jersey
Court Reference:	220 of 2018.

All powers and obligations granted or imposed upon the Joint Liquidators by Acts of the Royal Court of Jersey, the Law or otherwise may be exercised by the Joint Liquidators on a joint and several basis such that both act together or one may act without the other (and by so doing will bind the other) in the exercise of their said powers and obligations.

### Share capital

Petrostem Group Limited (in Liquidation) is wholly owned by Petrostem Holdings Limited, a company registered in Cyprus.

Both Petrostem Rentals Limited (in Liquidation) and Petrostem International Limited (in Liquidation) are wholly owned by Petrostem Group Limited (In Liquidation).

## Directors and their shareholdings

### Petrostem Group Limited

Name	Date appointed	Date resigned	Current shareholding
Richard Gordon Morrice	2 December 2008	n/a	-
Julian Charles Tyacke	2 December 2008	n/a	-
Samuel Dennis Allan Taylor	12 June 2013	n/a	-
Dean Foster	5 September 2017	n/a	-
Peter Duthie	2 December 2008	1 December 2017	-

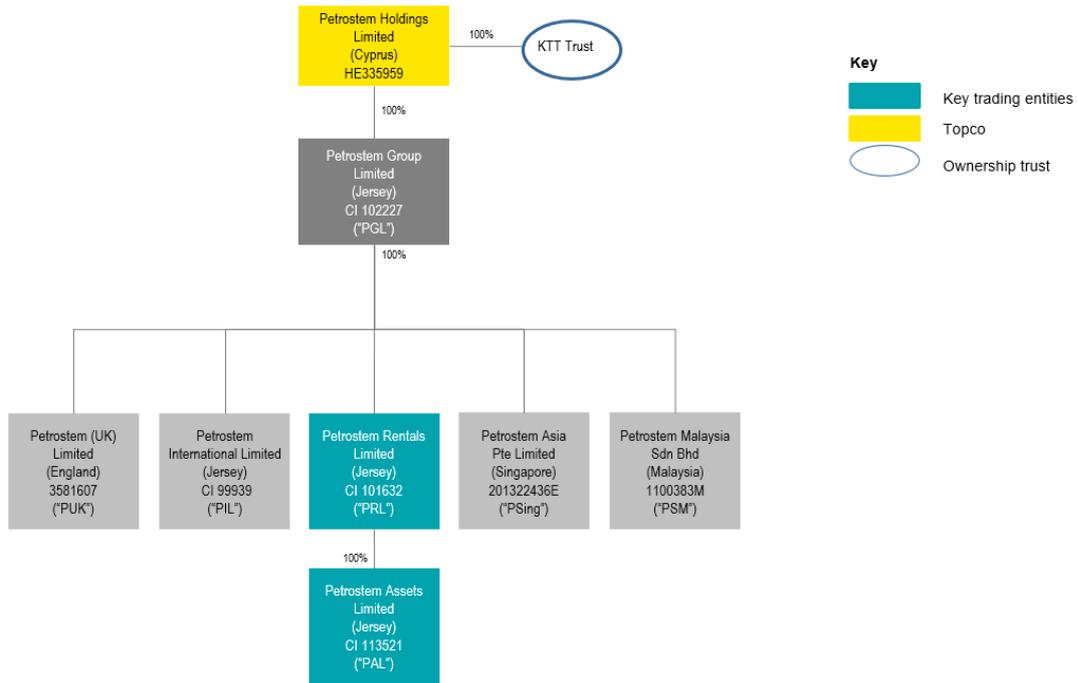
### Petrostem Rentals Limited

Name	Date appointed	Date resigned	Current shareholding
Richard Gordon Morrice	28 August 2008	n/a	-
Julian Charles Tyacke	28 August 2008	n/a	-
Dean Foster	5 September 2017	n/a	-
Peter Duthie	28 August 2008	1 December 2017	-

### Petrostem International Limited

Name	Date appointed	Date resigned	Current shareholding
Richard Gordon Morrice	8 February 2008	n/a	-
Julian Charles Tyacke	8 February 2008	n/a	-
Dean Foster	1 May 2016	n/a	-
Peter Duthie	8 February 2008	1 December 2017	-

# Appendix B Group structure



## Appendix C Receipts and Payments – PGL

Receipts and Payments for the period from 28 August 2018 to 27 February 2020

	Period from 28 Aug 2018 to 27 Aug 2019	Period from 28 Aug 2019 to 27 Feb 2020	Total period from 28 Aug 2018 to 27 Feb 2020
Receipts	US\$		
Sale of trading names	20,000		20,000
Distributions from Petrostem Asia Pte Ltd	900,000	13,924	913,924
Distributions from Petrostem Malaysia Sdn Bhd	678,602		678,602
Total receipts	1,598,602	13,924	1,612,526
Payments			
Agents' fees	8,632		8,632
Legal fees	6,933		6,933
Liquidators' fees	134,316		134,316
Liquidators' expenses	3,151		3,151
Bank charges and interest	41	36	77
Distribution to the ordinary creditors		800,000	800,000
Total payments	153,073	800,036	953,109
Net Receipts / (Payments) for the period	1,445,529	(786,112)	659,418
Represented by:			
Bank balances at at end of each period			
Royal Bank of Scotland			674,982
Intragroup - PUK			(8,632)
Intragroup - PRL			(6,153)
Intergroup - PPC UK			(780)
			659,418

### Notes

1. Payments may require reapportionment between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity) and as such are subject to amendment once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GBE:US\$, 1.3; and US\$:AED, 3.673.

## Appendix D Receipts and Payments – PIL

Receipts and Payments for the period from 28 August 2018 to 27 February 2020

	Period from 28 Aug 2018 to 27 Aug 2019 US\$	Period from 28 Aug 2019 to 27 Feb 2020 US\$	Total period from 28 Aug 2018 to 27 Feb 2020 US\$
<b>Receipts</b>			
Cash on appointment	185,351		185,351
Sale of IT equipment	7,000		7,000
Motor vehicles	8,671		8,671
Plant and equipment	8,341		8,341
Pre-appointment debtor collections	427,926		427,926
Accrued income	327,748		327,748
Deposits	36,749		36,749
VAT refund	10,579		10,579
HMRC refund	5,705		5,705
Reimbursement of IT staff costs	10,484		10,484
Contribution to legal and liquidators' fees	1,822		1,822
Interaccount transfers	1,050,568		1,050,568
Trading surplus / (deficit) (see separate account)	71,234		71,234
Distribution from Petrostem Group		63,457	63,457
	2,152,179	63,457	2,215,636
<b>Payments</b>			
Interaccount transfers	1,051,909		1,051,909
Sundry payments	3,413		3,413
Wages and salaries	471,399	23,710	495,109
Employee benefits	46,765		46,765
Employee expenses	8,431		8,431
Liquidators' fees	207,279		207,279
Liquidators' expenses	4,385		4,385
Agents' fees and expenses	26,962		26,962
Legal fees	15,186	3,315	18,502
Office and yard rental	72,105	623	72,728
Office costs	10,454	9,852	20,305
Insurance	42,080		42,080
VAT payment	7,467		7,467
Telephone and IT	16,560		16,560
Public notices	107		107
Priority creditor dividend	3,244		3,244
Bank charges and interest	5,289	191	5,480
Exchange Rate Loss (Gain)	-	156	156
	1,993,036	37,848	2,030,884
Net receipts / (payments) for the period	159,143	25,609	184,752
<b>Represented by:</b>			
Bank balances as at end of each period			
Royal Bank of Scotland	20,754	45,510	66,264
Standard Bank Jersey	0		0
National Bank of Fujairah	0		0
VAT receivable/(payable)	(9,718)		(9,718)
Intergroup - PPC Cayman	(107)		(107)
Intergroup - PPC UK	(780)		(780)
Intragroup - PRL	104,439	(19,902)	84,538
Intragroup - PUK	42,877		42,877
Petty cash	1,678		1,678
	159,143	25,609	184,752

Summary of the Joint Liquidators' trading account for the period from 28 August 2018 to 27 February 2020

	Period from 28 Aug 2018 to 27 Aug 2019 US\$	Period from 28 Aug 2019 to 27 Feb 2020 US\$	Total period from 28 Aug 2018 to 27 Feb 2020 US\$
<b>Trading receipts</b>			
Post-appt trading income	167,847	-	167,847
	167,847	-	167,847
<b>Trading payments</b>			
Rental of equipment	71,568	-	71,568
Trading suppliers	25,045	-	25,045
	96,613	-	96,613
Trading surplus / (deficit)	71,234	-	71,234

## Notes

1. Payments may require reapportionment between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity) and as such are subject to amendment once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GBE:US\$, 1.3; and US\$:AED, 3.673.
5. The difference between interaccount receipts and payments represents (i) bank transfer fees and/or (ii) exchange differences.
6. The differences between the amount due by PRL per the above (\$84,538) and the amount due to PIL in PRL's Receipts and Payments account (\$84,295) and the amount due by PUK per the above (\$42,887) and the amount due to PIL in PUK's Receipts and Payments account (\$41,998) are due to (i) bank transfer fees and/or (ii) exchange differences.

## Appendix E Receipts and Payments – PRL

Receipts and Payments for the period from 28 August 2018 to 27 February 2020

	Period from 28 Feb 2019 to 27 Aug 2019 US\$	Period from 28 Aug 2019 to 27 Feb 2020	Total period from 28 Aug 2018 to 27 Feb 2020 US\$
<b>Receipts</b>			
Cash on appointment	9,175	22,447	31,622
Pre-appointment debtor collections	1,119,335	70,419.00	1,189,754
Accrued income	863,953	498	864,451
Other income	386		386
Stock and rental equipment	975,467		975,467
Plant and machinery	106,413		106,413
RASGAS assignment consideration	100,000		100,000
VAT refund	18,567		18,567
PSM/PSA - funding for insurance	7,541		7,541
Pioneer - funding for insurances and expenses	23,448		23,448
Contribution to legal and liquidators' fees	4,490		4,490
Interaccount transfers	2,054,661		2,054,661
Bank interest received	72	40	111
Trading surplus / (deficit) (see separate account)	188,077	9,081	197,158
Distributions from Group Companies	-	158,341	158,341
	5,471,584	260,825	5,732,408.77
			-
<b>Payments</b>			
Interaccount transfers	2,054,944		2,054,944
Wages	4,885	18,766	23,651
Security costs	2,100		2,100
Office and yard costs	282,137	2,801	284,938
Repairs and maintenance	10,785		10,785
Sundry payments	5,181		5,181
Petrostem Qatar Limited	427		427
Telephone and IT expenses	1,800		1,800
Joint Liquidators' fees	437,093		437,093
Joint Liquidators' disbursements	10,200		10,200
Agents' fees and expenses	212,123		212,123
Legal fees and expenses	9,786	5,155	14,941
Insurance	61,667	6,174	67,840
VAT Payment	9,656		9,656
Employee expenses and benefits	20,478		20,478
Utilities	8,600		8,600
Public notices	107		107
Bank charges and interest	4,518	1,191	5,709
Distributions to Ordinary Creditors	-	1,800,000	1,800,000
	3,136,487	1,834,087	4,970,574
Net receipts / (payments) for the period	2,335,097	(1,573,262)	761,835
<b>Represented by:</b>			
Bank balances as at end of each period			
Royal Bank of Scotland	2,143,283.42	23,344	727,787
Bank of Scotland			-
Standard Bank Jersey	177,640.71	(177,641)	0
National Bank of Fujairah	0.00		0
VAT receivable / (payable)	(12,908.84)	(26)	(12,935)
Liquidators' and legal fees payable			-
Intergroup - PPC Cayman	128,515.13		128,515
Intragroup - PGL	6,152.90		6,153
Intragroup - PUK	10,190.65		10,191
Intragroup - PIL	(104,196.32)	19,902	(84,295)
Income to be allocated	(13,581.00)	-	(13,581)
	2,335,097	(134,422)	761,835

Summary of the Joint Liquidators' trading account for the period from 28 August 2018 to 27 February 2020

	Period from 28 Aug 2018 to 27 Aug 2019 US\$	Period from 28 Aug 2019 to 27 Feb 2020	Total period from 28 Aug 2018 to 27 Feb 2020 US\$
<b>Trading receipts</b>			
Post-appt trading income	305,936	9,081	315,017
	305,936	9,081	315,017
<b>Trading payments</b>			
Equipment rental	116,742		116,742
Trading suppliers	1,117		1,117
	117,859	-	117,859
Trading surplus / (deficit)	188,077	9,081	197,158

## Notes

1. Payments may require reapportionment between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity) and as such are subject to amendment once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GBE:US\$, 1.3; and US\$:AED, 3.673.
5. The difference between interaccount receipts and payments represents (i) bank transfer fees and/or (ii) exchange differences.
6. The difference between the amount due to PIL per the above (\$84,295) and the amount due by PRL in PIL's Receipts and Payments account (\$84,538) is due to (i) bank transfer fees and/or (ii) exchange differences.

## Appendix F Time properly given analysis – PGL

### Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 February 2020

	Staff Grade						Total Hours	Time Cost	Average Hourly Rate
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
								(\$)	(\$)
Accounting and Administration	2.5	2.3	9.9	-	31.2	3.1	49.0	21,316	435
Bank & Statutory Reporting	19.5	23.2	36.3	-	4.0	-	83.0	55,750	672
Creditors (Mandatory)	2.5	18.5	19.4	-	25.4	13.0	78.8	38,281	486
Debtors	8.0	15.8	3.5	-	4.0	-	31.3	21,385	683
Immediate Tasks	0.5	2.8	-	-	-	-	3.3	2,388	724
Investigation/CDDA (Mandatory)	18.0	82.9	79.9	2.0	24.5	7.4	214.7	131,793	614
Job Acceptance & Strategy (M)	-	1.5	-	-	-	-	1.5	1,050	700
Legal Issues	-	0.4	-	-	-	-	0.4	280	700
Other Assets (Mandatory)	4.5	63.0	4.8	-	10.5	-	82.8	54,507	658
Other Matters	-	12.0	6.3	-	6.5	-	24.8	14,425	582
Statutory Duties	2.0	4.4	0.6	4.0	38.2	-	49.2	20,665	420
VAT & Taxation	-	0.1	0.5	1.8	0.6	0.3	3.3	1,523	462
Stock and Fixed Assets	-	-	-	8.8	2.0	-	10.8	5,022	465
<b>Total Hours</b>	<b>57.5</b>	<b>226.9</b>	<b>161.2</b>	<b>16.6</b>	<b>146.9</b>	<b>23.8</b>	<b>632.9</b>		
<b>Time Costs (\$)</b>	<b>49,163</b>	<b>158,830</b>	<b>95,108</b>	<b>8,134</b>	<b>52,150</b>	<b>4,999</b>		<b>368,384</b>	
<b>Average Hourly Rate (\$)</b>	855	700	590	490	355	210		582	
<b>Category 1 Disbursements (\$)</b>	<b>4,608</b>								
<b>Category 2 Disbursements (\$)</b>	<b>-</b>								
	<b>4,608</b>								

Note: Time is charged in 6 minute intervals

#### Joint Liquidators' charging policy for disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Liquidation Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn.

## Appendix G Time properly given analysis – PIL

### Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 February 2020

	Staff Grade						Total Hours	Time Cost	Average Hourly Rate
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
								(\$)	(\$)
Accounting and Administration	2.5	3.1	54.7	43.6	121.7	60.8	286.4	113,626	397
Bank & Statutory Reporting	19.0	24.5	69.2	5.5	7.5	-	125.7	79,581	633
Creditors (Mandatory)	2.0	12.5	27.1	16.0	49.0	1.1	107.7	51,915	482
Debtors	6.0	0.4	12.5	92.5	18.5	-	129.9	64,678	498
Employee Matters	-	9.2	29.8	4.0	-	1.9	44.9	26,381	588
Immediate Tasks	0.5	2.8	6.1	2.5	-	-	11.9	7,212	606
Investigation/CDDA (Mandatory)	21.0	48.5	4.4	-	59.0	1.9	134.8	75,845	563
Job Acceptance & Strategy (M)	-	1.2	-	-	-	-	1.2	840	700
Legal Issues	-	0.7	5.1	-	-	-	5.8	3,499	603
Other Assets (Mandatory)	5.5	4.5	1.1	-	-	-	11.1	8,502	766
Other Matters	-	13.1	20.5	12.9	-	-	46.5	27,586	593
Property	-	-	0.5	-	-	-	0.5	295	590
Retention of Title	0.5	-	-	-	-	-	0.5	428	856
Statutory Duties	2.0	7.3	0.6	4.0	41.7	-	55.6	23,938	431
Trading (Mandatory)	-	7.7	63.3	17.0	-	2.7	90.7	51,634	569
VAT & Taxation	-	0.1	4.0	0.8	-	0.4	5.3	2,906	548
Stock and Fixed Assets	1.5	1.9	2.8	15.7	23.5	-	45.4	20,300	447
<b>Total Hours</b>	<b>60.5</b>	<b>137.5</b>	<b>301.7</b>	<b>214.5</b>	<b>320.9</b>	<b>68.8</b>	<b>1,103.9</b>		
<b>Time Costs (\$)</b>	<b>51,728</b>	<b>96,250</b>	<b>178,003</b>	<b>105,105</b>	<b>113,630</b>	<b>14,448</b>		<b>559,166</b>	
<b>Average Hourly Rate (\$)</b>	855	700	590	490	354	210		507	
<b>Category 1 Disbursements (\$)</b>	<b>5,133</b>								
<b>Category 2 Disbursements (\$)</b>	<b>-</b>								
	<b>5,133</b>								

Note: Time is charged in 6 minute intervals

#### Joint Liquidators' charging policy for disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Liquidation Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn.

## Appendix H Time properly given analysis – PRL

### Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 February 2020

	Staff Grade						Total Hours	Time Cost	Average Hourly Rate
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
								(\$)	(\$)
Accounting and Administration	2.5	3.8	54.9	51.3	104.1	22.4	239.0	103,869	435
Bank & Statutory Reporting	17.5	31.0	66.8	5.5	6.5	-	127.3	81,078	637
Creditors (Mandatory)	6.0	10.7	31.9	25.6	36.5	4.9	115.6	57,902	501
Debtors	-	2.5	35.9	124.0	33.0	-	195.4	95,406	488
Employee Matters	-	0.3	2.0	5.0	-	-	7.3	3,840	526
Immediate Tasks	0.5	2.8	6.1	2.5	-	-	11.9	7,212	606
Investigation/CDDA (Mandatory)	13.0	15.7	4.2	8.4	19.0	1.2	61.5	35,697	580
Job Acceptance & Strategy (M)	-	6.3	-	-	-	-	6.3	4,410	700
Legal Issues	-	0.4	-	-	-	-	0.4	280	700
Other Assets (Mandatory)	-	14.7	2.5	-	2.0	-	19.2	12,475	650
Other Matters	-	13.5	17.1	15.1	-	-	45.7	26,938	589
Property	-	-	1.2	-	-	-	1.2	708	590
Statutory Duties	1.0	5.1	0.9	4.0	38.3	-	49.3	20,513	416
Trading (Mandatory)	-	17.4	88.0	28.0	-	2.4	135.8	78,324	577
VAT & Taxation	-	0.3	3.6	6.2	1.4	0.3	11.8	5,932	503
Stock and Fixed Assets	1.5	18.3	16.4	69.8	39.5	-	145.5	71,993	495
<b>Total Hours</b>	<b>42.0</b>	<b>142.8</b>	<b>331.5</b>	<b>345.4</b>	<b>280.3</b>	<b>31.2</b>	<b>1,173.2</b>		
<b>Time Costs (\$)</b>	<b>35,843</b>	<b>99,960</b>	<b>195,585</b>	<b>169,246</b>	<b>99,391</b>	<b>6,552</b>		<b>606,577</b>	
<b>Average Hourly Rate (\$)</b>	853	700	590	490	355	210		517	
<b>Category 1 Disbursements (\$)</b>	<b>10,222</b>								
<b>Category 2 Disbursements (\$)</b>	<b>-</b>								
	<b>10,222</b>								

Note: Time is charged in 6 minute intervals

#### Joint Liquidators' charging policy for disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Liquidation Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn.

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