

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

Six Monthly Progress Report

27 February 2023

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
PQL	Petrostem Qatar Limited
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

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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 2022 to 27 February 2023 and should be read in conjunction with the Creditors' Meeting Report dated 3 October 2018 and our previous progress reports covering each six month period from 28 August 2018 to 27 August 2022.

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

As previously reported, a meeting of creditors 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 continue to liaise with the Creditors' Steering Committee on a regular basis, as required, in relation to the liquidations of the Companies. We expect to convene a further meeting of the Committee in April 2023.

2. Conduct of the liquidations since 28 August 2022

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).

2.2 Asset realisations

2.2.1 PGL

Intragroup receivable balances

A final dividend in the solvent liquidation of Petrostem Malaysia Sdn Bhd of \$17k was received on 30 August 2022. No further realisations are anticipated.

Intergroup receivable balances

Pioneer Group

Pioneer Group is due \$38.3m to PGL. As previously reported, we had agreed heads of terms with an independent third party interested in acquiring the Pioneer Group on a debt free basis. However, the interested party was unwilling to complete the purchase until a \$5m tax demand received from the Kurdistan Ministry of Finance and Economy was resolved to its satisfaction.

During the period covered by this report, the interested party has advised that it now has obtained sufficient comfort regarding the tax position of the Pioneer Group such that it is willing to progress discussions in respect of the acquisition of the Pioneer Group on substantially the same conditions as previously agreed. The most significant change to the terms of the sale is that a portion of the consideration is proposed to be deferred for a period of six months. Discussions with the interested party are ongoing. We will, therefore, provide a further update to creditors in our next report.

Innospection Group

Innospection Group is due \$2.2m to PGL. As noted in our prior report, administrators (from FRP Advisory) were appointed to Innospection Limited in August 2022. The appointment only extends to the UK entity of the Innospection Group and not to its parent entity from whom the debt due to PGL is owed.

The administrators completed a sale of the group's business and assets in October 2022. However, no recovery is anticipated for PGL from this insolvency. Further, based on

discussions with the directors of and legal advisors to the parent entity of Innospection Limited, there is no prospect of PGL recovering any sums from the debt due to it by Innospection Group. No further action in respect of the recovery of this balance will, therefore, be taken.

2.2.2 PIL and PRL

There were no asset realisations in the period covered by this report. The only remaining assets to realise are intra and intergroup receivable balances due to PIL and PRL, which are summarised below:

- ▶ In respect of PIL, \$7.6m receivable from PGL; and
- ▶ In respect of PRL, \$17.0m and \$1.9m receivable from PGL and Petroleum Pipe Middle East FZE respectively.

Realisations in respect of the receivables due from PGL will depend on the outcome of its insolvency process. No realisations in respect of the balance due by Petroleum Pipe Middle East FZE are anticipated.

2.3 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 and have had lengthy correspondence with the directors in this regard. The Joint Liquidators have secured funding from a third party to enable certain transactions that took place across both the PPG Group and Petrostem Group in the periods prior to our appointment to be pursued. As we do not wish to prejudice these potential actions, we will provide further details to creditors only when the outcome of this area of our work is determined.

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 had submitted formal claims against both PGL and PIL of \$28.0m. This debt comprised 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.

As previously reported, we have adjudicated BoS's unsecured non-priority claim at \$26.1m 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. 1.0% of the amounts due to them from its insolvency process. An interim distribution of \$800k (0.8%) was paid to unsecured non-priority creditors in February 2020.

Based on the information available to us, there may be no recovery to creditors of PIL. No distributions have been made to the unsecured non-priority creditors of PIL.

Based on the information available to us, creditors of PRL may recover c. 2.9% of the amounts due to them from its insolvency process. An interim distribution of \$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 Alastair Casey at this office or by email to 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 2022 to 27 February 2023 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 2023, the Joint Liquidators have incurred time costs (based on the above hourly rates) of \$1,041,084, \$878,475 and \$843,152 in relation to PGL, PIL and PRL respectively. Attached at Appendices F, G and H are detailed analyses of these time costs.

The fees incurred to date in respect of PGL and PIL include fees of \$12,456 and \$15,818 respectively which have been incurred in connection with the potential legal actions outlined in paragraph 2.3 above and will be met by a third party.

The Steering Committee has approved our fees for the periods to 27 August 2022 in the sums of \$976,324 in respect of PGL, \$838,603 in respect of PIL and \$807,714 in respect of PRL. We have however agreed with the Steering Committee that we will restrict our fees as follows:

- ▶ In respect of statutory and reporting work, we will restrict our fees to \$40,000 per annum for each of PGL, PIL and PRL from 28 August 2021 onwards.
- ▶ In respect of all other aspects of our work, we will restrict our fees to \$600,000 in respect of PGL, \$700,000 in respect of PIL and \$700,000 in respect of PRL unless the net realisations from the insolvency processes improves from that estimated at 28 October 2021. In that event, we will be entitled to draw 50% of the increased net realisations as further fees.
- ▶ Fees will only be billed where funds are available to enable payment to be made.

To date, Joint Liquidators' fees of \$600,000 have been paid in respect of PGL, \$700,000 in respect of PIL and \$700,000 have been paid in respect of PRL.

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 reports, 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 and 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 and monitoring trading to recover the agreed profit share;

- ▶ Realising of the intragroup and intergroup debts due to the Companies by PSA, PSM, Pioneer Group and Innospection Group;
- ▶ 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 2023, the Joint Liquidators have incurred Category 1 disbursements of \$4,808, \$9,547 and \$10,281 in relation to PGL, PIL and PRL respectively.

To date, \$4,761 has been paid in respect of PGL; \$9,547 has been paid in respect of PIL; and \$10,223 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
Wynterhill LLP	Legal advisors – UK	Time costs
MGB Law	Legal advisors - Azerbaijan	Time costs

6. Other matters

6.1 Replacement of liquidator

CP Dempster is due to retire from Ernst & Young LLP with effect from 30 June 2023 and will resign as liquidator of the Companies on or prior to that date. Accordingly, we will shortly make an application to the Royal Court of Jersey to seek the Court's approval to appoint KS Aspin as liquidator. KS Aspin is licensed to act as Insolvency Practitioner by the Institute of Chartered Accountants of Scotland. For the avoidance of doubt, GD Yuill and SA Gardner will remain appointed as liquidators.

6.2 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:

- ▶ Realising the intergroup and intragroup debts due to the Companies;
- ▶ 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;
- ▶ 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.

6.3 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.

6.4 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.

6.5 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 Alastair Casey on +44 (0) 141 226 9320.

Yours faithfully
for the Companies

A handwritten signature in blue ink that reads "Gavin Yuill".

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 UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), 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.

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	-

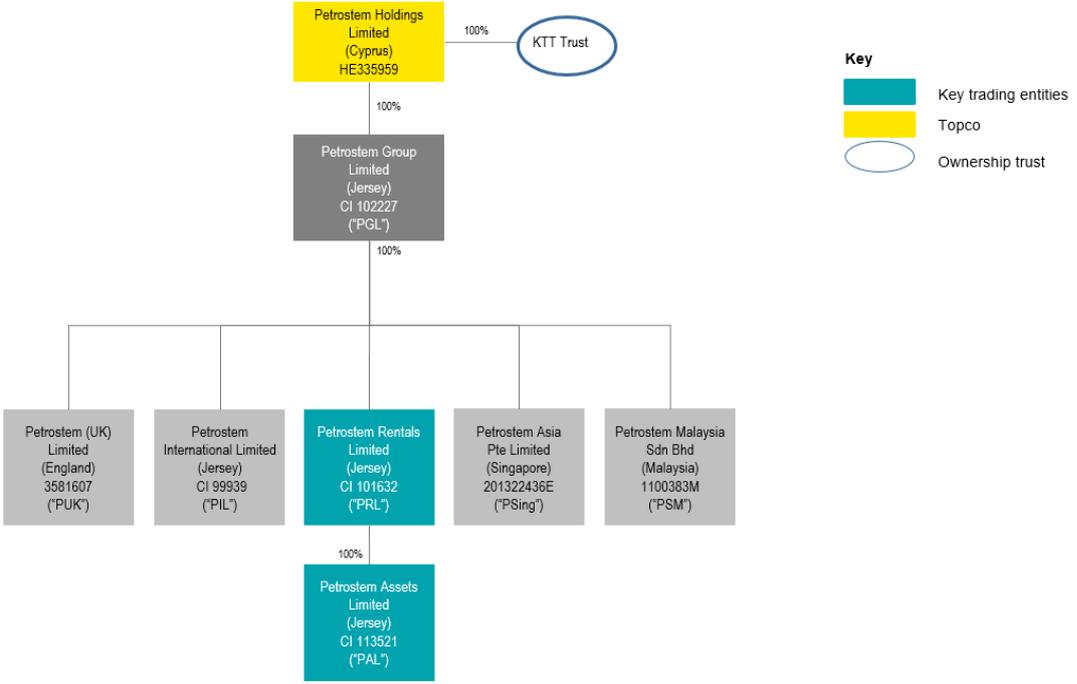
Petrostem Rentals Limited

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

	Period 28 August 2018 to 27 August 2022	Period 28 August 2022 to 27 February 2023	Total Period 28 August 2018 to 27 February 2023
Receipts			
Sale of trading names	20,000		20,000
Pioneer equity deposit	45,000		45,000
Distributions from Petrostem (UK) Limited	84,169		84,169
Distributions from Petrostem Asia Pte Ltd	1,133,827		1,133,827
Distributions from Petrostem Malaysia Sdn Bhd	780,293	16,788	797,081
Total receipts	2,063,289	16,788	2,080,077
Payments			
Agents' fees	122,132		122,132
Legal fees	181,376	2,960	184,336
Liquidators' fees	600,000		600,000
Liquidators' expenses	4,761		4,761
Bank charges and interest	238	71	309
Distribution to ordinary creditors	800,000		800,000
Exchange rate loss / (gain)	(2,354)	1,142	(1,212)
Total payments	1,706,153	4,173	1,710,327
Net Receipts / (Payments) for the period	357,136	12,615	369,751
Represented by:			
Bank balances at at end of each period			
Royal Bank of Scotland			372,699
Intergroup - PPC UK			(2,947)
			369,751

Notes

1. Certain payments have been apportioned 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). Further apportionment may, however, be required 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. Excluded from the above receipts and payments account is cash received by PGL from the third party which has provided funding to enable certain transactions that took place across both the PPG Group and Petrostem Groups in the periods prior to our appointment to be pursued, and which is discussed at paragraph 2.3 of the report. This funding will be applied to meet the fees of the Joint Liquidators of PGL, PIL, PPG and PPC Cayman and the Joint Administrators of PPC UK and their respective legal advisors incurred in connection with pursuing these potential actions.

Appendix D Receipts and Payments – PIL

	Period 28 August 2018 to 27 August 2022	Period 28 August 2022 to 27 February 2023	Total Period 28 August 2018 to 27 February 2023
Receipts			
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	52,920		52,920
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
	2,231,806	-	2,231,806
Payments			
Interaccount transfers	1,051,909		1,051,909
Sundry payments	3,413		3,413
Wages and salaries	102,236		102,236
Employee benefits	46,765		46,765
Employee expenses	8,431		8,431
Liquidators' fees	700,000		700,000
Liquidators' expenses	9,547		9,547
Agents' fees and expenses	24,212		24,212
Legal fees	45,007	680	45,687
Office and yard rental	72,728		72,728
Rental of equipment	3,780		3,780
Office costs	20,305		20,305
Insurance	11,551		11,551
Telephone and IT	19,468		19,468
Public notices	107		107
Priority creditor dividend	3,244		3,244
Bank charges and interest	5,610	(12)	5,598
Exchange Rate Loss / (Gain)	1,232		1,232
	2,129,545	668	2,130,213
Net receipts / (payments) for the period	102,261	(668)	101,593
Represented by:			
Bank balances as at end of each period			
Royal Bank of Scotland			102,863
Intergroup - PPC UK			(2,947)
Petty cash			1,678
			101,593

Summary of the Joint Liquidators' trading account for the period from 28 August 2018 to 27 February 2023

	Period 28 August 2018 to 27 August 2022	Period 28 August 2022 to 27 February 2023	Total Period 28 August 2018 to 27 February 2023
Trading receipts			
Post-appt trading income	167,847		167,847
	167,847	-	167,847
Trading payments			
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. Certain payments have been apportioned 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). Further apportionment may, however, be required 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: GB£: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.

Appendix E Receipts and Payments – PRL

	Period 28 August 2018 to 27 August 2022	Period 28 August 2022 to 27 February 2023	Total Period 28 August 2018 to 27 February 2023
Receipts			
Cash on appointment	11,622		11,622
Pre-appointment debtor collections	1,227,227		1,227,227
Accrued income	878,032		878,032
Other income	468		468
Stock and rental equipment	975,467		975,467
Plant and machinery	106,413		106,413
RASGAS assignment consideration	237,590		237,590
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	177		177
Trading surplus / (deficit) (see separate account)	147,562		147,562
Distributions from Group Companies	158,341		158,341
	5,851,606	-	5,851,606
Payments			
Interaccount transfers	2,054,944		2,054,944
Wages	416,525		416,525
Security costs	2,100		2,100
Office and yard costs	284,350		284,350
Repairs and maintenance	10,785		10,785
Sundry expenses	7,881		7,881
Petrostem Qatar Limited	427		427
Telephone and IT expenses	14,388		14,388
Joint Liquidators' fees	700,000		700,000
Joint Liquidators' disbursements	10,223		10,223
Agents' fees and expenses	121,123		121,123
Legal fees and expenses	31,676		31,676
Insurance	74,539		74,539
Employee expenses and benefits	20,478		20,478
Utilities	8,600		8,600
Public notices	107		107
Bank charges and interest	6,043		6,043
Exchange Rate Loss / (Gain)	(5,097)		(5,097)
Distributions to Ordinary Creditors	1,800,000		1,800,000
	5,559,092	-	5,559,092
Net receipts / (payments) for the period	292,514	-	292,514
Represented by:			
Bank balances as at end of each period			
Royal Bank of Scotland			292,514
			292,514

Summary of the Joint Liquidators' trading account for the period from 28 August 2018 to 27 February 2023

	Period 28 August 2018 to 27 August 2022	Period 28 August 2022 to 27 February 2023	Total Period 28 August 2018 to 27 February 2023
Trading receipts			
Post-appt trading income	315,017		315,017
	315,017	-	315,017
Trading payments			
Equipment rental	166,337		166,337
Trading suppliers	1,117		1,117
	167,455	-	167,455
Trading surplus / (deficit)	147,562	-	147,562

Notes

1. Certain payments have been apportioned 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). Further apportionment may, however, be required 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: GB£: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.

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 2023

	Staff Grade							Total hours	Total cost \$	Average rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Accounting and Administration	3.5	0.5	7.8	84.3	12.0	111.7	114.4	334.2	128,097.00	383.3
Bank & Statutory Reporting	36.2	-	46.7	201.9	-	10.5	9.6	304.9	188,505.50	618.3
Creditors (Mandatory)	2.5	0.4	23.8	19.4	-	33.5	15.7	95.3	45,713.00	479.7
Debtors	9.5	-	69.6	80.1	-	4.0	-	163.2	105,521.50	646.6
Director Litigation	-	-	13.7	3.2	-	2.4	0.6	19.9	12,456.00	625.9
Immediate Tasks	0.5	-	2.8	-	1.3	-	-	4.6	3,024.50	657.5
Investigation/CDDA (Mandatory)	22.5	-	176.6	475.1	2.0	45.6	7.4	729.2	441,888.50	606.0
Job Acceptance & Strategy (M)	-	-	7.8	-	-	-	-	7.8	5,460.00	700.0
Legal Issues	11.5	0.6	0.4	4.4	-	-	-	16.9	13,128.50	776.8
Other Assets (Mandatory)	4.5	-	67.0	4.8	-	10.5	-	86.8	57,307.00	660.2
Other Matters	-	-	12.0	6.3	-	6.5	-	24.8	14,424.50	581.6
Statutory Duties	2.0	-	4.8	3.3	0.8	23.5	3.0	37.4	16,381.50	438.0
Stock and Fixed Assets	-	-	-	-	8.8	2.0	-	10.8	5,022.00	465.0
Trading (Mandatory)	-	-	0.2	-	-	-	-	0.2	140.00	700.0
VAT & Taxation	-	0.4	0.1	2.4	1.2	4.5	0.3	8.9	4,014.50	451.1
Total hours	92.7	1.9	433.3	885.2	26.1	254.7	151.0	1,844.9		
Time costs (\$)	79,258.50	1,330.00	303,310.00	522,268.00	12,789.00	90,418.50	31,710.00		1,041,084.00	
Average hourly rate (\$)	855.0	700.0	700.0	590.0	490.0	355.0	210.0		564.3	
Category 1 disbursements (\$)	4,808.20									
Category 2 disbursements (\$)	-									
	4,808.20									

Note: Time is charged in 6 minute intervals

Fees in respect of time charged to Directors Litigation will be met by a third party and will not be charged to the general estate.

Joint Liquidators' charging policy for disbursements

Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.

Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):

- ▶ Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
- ▶ Category 2 expenses are payments to associates or which have an element of shared costs.

Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2.

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. It is our policy, 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 2023

	Staff Grade							Total hours	Total cost \$	Average rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Accounting and Administration	3.5	-	7.3	126.9	43.5	131.1	108.9	421.2	173,698.00	412.4
Bank & Statutory Reporting	42.2	-	47.9	230.7	10.0	5.6	30.6	367.0	219,038.00	596.8
Creditors (Mandatory)	2.0	0.4	20.1	27.1	12.0	55.0	6.3	122.9	58,777.00	478.3
Debtors	7.0	-	0.7	12.5	92.0	19.0	0.3	131.5	65,738.00	499.9
Director Litigation	-	-	19.9	3.2	-	-	-	23.1	15,818.00	684.8
Employee Matters	-	-	9.2	29.8	4.0	-	1.9	44.9	26,381.00	587.6
Immediate Tasks	0.5	-	2.8	6.1	2.5	-	-	11.9	7,211.50	606.0
Investigation/CDDA (Mandatory)	26.5	-	119.9	27.6	-	60.9	1.9	236.8	144,890.00	611.9
Job Acceptance & Strategy (M)	-	-	7.3	-	-	-	-	7.3	5,110.00	700.0
Legal Issues	7.0	0.6	0.7	5.1	-	-	-	13.4	9,904.00	739.1
Other Assets (Mandatory)	5.5	-	4.5	1.1	-	-	-	11.1	8,501.50	765.9
Other Matters	-	-	13.1	20.5	12.9	-	-	46.5	27,586.00	593.2
Property	-	-	-	0.5	-	-	-	0.5	295.00	590.0
Retention of Title	0.5	-	-	-	-	-	-	0.5	427.50	855.0
Statutory Duties	2.0	-	7.7	3.3	1.8	49.7	10.1	74.6	29,693.50	398.0
Stock and Fixed Assets	1.5	-	1.9	2.8	15.7	23.5	-	45.4	20,300.00	447.1
Trading (Mandatory)	-	-	8.2	63.3	17.0	17.0	2.7	108.2	58,019.00	536.2
VAT & Taxation	-	0.4	0.1	8.9	0.4	3.1	0.9	13.8	7,086.50	513.5
Total hours	98.2	1.4	271.3	569.4	211.8	364.9	163.6	1,680.6		
Time costs (\$)	83,961.00	980.00	189,910.00	335,946.00	103,782.00	129,539.50	34,356.00		878,474.50	
Average hourly rate (\$)	855.0	700.0	700.0	590.0	490.0	355.0	210.0		523.0	
Category 1 disbursements (\$)	9,547.00									
Category 2 disbursements (\$)	-									
	9,547.00									

Note: Time is charged in 6 minute intervals

Fees in respect of time charged to Directors Litigation will be met by a third party and will not be charged to the general estate.

Joint Liquidators' charging policy for disbursements

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Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2.

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. It is our policy, 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 2023

	Staff Grade							Total hours	Total cost \$	Average rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Accounting and Administration	3.0	-	7.5	106.7	57.0	145.0	79.5	398.7	166,868.00	418.5
Bank & Statutory Reporting	29.7	-	51.6	197.4	9.5	12.2	21.6	322.0	191,501.50	594.7
Creditors (Mandatory)	6.0	0.4	14.6	35.8	21.0	35.8	9.4	123.0	61,725.00	501.8
Debtors	2.5	-	3.7	72.9	126.0	31.0	3.5	239.6	121,218.50	505.9
Employee Matters	-	-	0.3	2.0	5.0	-	-	7.3	3,840.00	526.0
Immediate Tasks	0.5	-	2.8	6.1	2.5	-	-	11.9	7,211.50	606.0
Investigation/CDDA (Mandatory)	17.5	-	15.7	4.2	6.4	21.6	1.2	66.6	39,486.50	592.9
Job Acceptance & Strategy (M)	-	-	12.1	0.5	-	-	-	12.6	8,765.00	695.6
Legal Issues	12.0	-	0.4	-	-	-	-	12.4	10,540.00	850.0
Other Assets (Mandatory)	-	-	14.7	11.1	-	2.0	-	27.8	17,549.00	631.3
Other Matters	-	-	13.5	17.1	15.1	-	-	45.7	26,938.00	589.5
Property	-	-	-	1.2	-	-	-	1.2	708.00	590.0
Statutory Duties	1.0	-	5.5	3.6	5.4	45.0	5.5	66.0	26,605.00	403.1
Stock and Fixed Assets	1.5	-	18.3	16.4	69.9	39.4	-	145.5	72,006.50	494.9
Trading (Mandatory)	-	-	18.5	88.3	22.5	5.5	2.4	137.2	78,528.50	572.4
VAT & Taxation	-	0.4	0.3	7.7	6.2	4.3	0.3	19.2	9,660.50	503.2
Total hours	73.7	0.8	179.5	571.0	346.5	341.8	123.4	1,636.7		
Time costs (\$)	63,013.50	560.00	125,650.00	336,890.00	169,785.00	121,339.00	25,914.00		843,151.50	
Average hourly rate (\$)	855.0	700.0	700.0	590.0	490.0	355.0	210.0		515.2	
Category 1 disbursements (\$)	10,280.51									
Category 2 disbursements (\$)	-									
	10,280.51									

Note: Time is charged in 6 minute intervals

Joint Liquidators' charging policy for disbursements

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