

Petroleum Pipe Company Limited
In Administration (the "Company")

Six Monthly Progress Report

In accordance with Rule 18.3 of The Insolvency Rules 2016

1 March 2021

Ernst & Young LLP



EY

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Abbreviations

The following abbreviations are used in this report:

Act	the Insolvency Act 1986
BoS	Bank of Scotland plc
CDDA	Company Directors Disqualification Act 1986
date of appointment	29 August 2018
EY	Ernst & Young LLP
HMRC	HM Revenue and Customs
Joint Administrators	CP Dempster and GD Yuill
the Company	Petroleum Pipe Company Limited - in Administration
the Petrostem Group	Petrostem Group Limited (In Liquidation) and its subsidiary undertakings
the PPG Group	The Petroleum Pipe Group of companies, a structure chart for which is provided at Appendix B
the Proposals	Joint Administrators' Statement of Proposals, dated 19 October 2018
the Rules	the Insolvency (England and Wales) Rules 2016

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1. Introduction

1.1 Introduction

I write, in accordance with Rule 18.3 of the Rules, to provide creditors with a report on the progress of the Administration. This report covers the period from 29 August 2020 to 28 February 2021 and should be read in conjunction with the Proposals dated 19 October 2018 and the six month progress reports to 28 February 2019, 28 August 2019, 28 February 2020 and 28 August 2020.

On 29 August 2018 the Company entered Administration and CP Dempster and GD Yuill were appointed to act as Joint Administrators.

The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

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 administration.

Statutory information about the Company, the administration and the office holders is given at Appendix A.

1.2 Extensions to the Initial Period of Appointment

In accordance with paragraph 76 of Schedule B1 to the Insolvency Act 1986, the administration of the Company was initially due to end automatically on 28 August 2019. With the consent of creditors, the initial period of appointment was extended to 28 August 2020.

As there remained a number of matters to conclude in the administration, the Joint Administrators made an application to the Court under Paragraph 76(2)(a) of schedule B1 of the Insolvency Act 1986 ("the Act") to further extend the period of administration. The Court granted that application on 27 August 2020 and the period of administration has been extended for a further 12 months to 28 August 2021.

2. Progress since the six month report to 28 August 2020

2.1 Purpose of the Administration

As detailed in the Proposals and the previous progress reports, the Joint Administrators' strategy in respect of the insolvency of the Company is to:

- ▶ Cease to trade the business to which the Joint Administrators have been appointed (with the exception of one customer order where it was deemed to be in the best interests of creditors that the order be completed);
- ▶ Collect in the trade debtor balances due to the Company; and
- ▶ Market for sale the individual assets, primarily the Company's production tubing and casing stocks.

To assist with the insolvency process, the services of a small number of employees were retained for a short period of time following the appointment. The last employee was made redundant in December 2018.

2.2 Asset realisations

As outlined in the Proposals, the Company is one of the main trading entities within the PPG Group. Consequently, the main assets of the Company are trade debtor balances and production tubing / casing stocks.

2.2.1 Trade debtors

Our previous reports narrated the recovery of \$1.7m from trade debtors with balances due to the Company at the date of our appointment. Our last report to 28 August 2020 also provided details of three outstanding balances that we continued to pursue and we have set out below an update on each of these accounts:

- ▶ Bankers Petroleum (Bankers) (\$0.2m): As previously reported, we do not believe that there is any merit in continuing to pursue the outstanding balance. Accordingly, we will take no further action in respect of this balance.
- ▶ Lahor Limited (Lahor) \$1.7m): As previously reported, after unsuccessful attempts to recover this debt from this Nigerian based customer, we instructed our Nigerian lawyers to commence legal proceedings for recovery of the debt and an Originating Summons was lodged in the High Court of Lagos. Following consideration of the submissions by both parties, the Court ordered that the parties go through a mediation process. We encountered a number of delays in the legal and mediation process and these delays have been exacerbated by the Covid-19 pandemic which has severely disrupted the court process in Nigeria. The case has been further delayed by a fire at the Court which destroyed the case file. Having now agreed a new set of files with Lahor's legal agents, we are now, again, waiting for a hearing date to be set by the Court. As previously reported, the likely outcome of the legal action still cannot be predicted. However, we remain confident of the merits of the Company's position and will update creditors on progress in our next report.
- ▶ LBD International Limited (LBD) (\$0.8m): As previously reported, although we had been in correspondence with LBD in respect of this debt, we have yet to receive any valid reason for its non-payment. Accordingly, our Nigerian lawyers issued an Originating Summons in the High Court of Lagos in respect of this outstanding debt in July 2019. Following an unsuccessful mediation process, a hearing was held on 1 July 2020 to hear the arguments from both sides.

I am pleased to be able to advise that we were successful at that hearing and the judgement awards us the full balance due together with interest from the date of the judgement. Regrettably, LBD has appealed the judgement and requested a stay in execution of the judgement pending the outcome of the appeal hearing. The judge has yet to rule on LBD's request for a "stay" although judgement is expected imminently. We have yet to be allocated a date for the appeal hearing. It is clear that this case still has some way to go before reaching a conclusion but we are pleased that the Court ruled in our favour in the initial hearing. We will update creditors on progress in our next report.

2.2.2 Outstanding customer orders

Our previous report detailed the recovery of \$0.5m from the Joint Administrators' completion of the Company's order with Sea Dragon Energy Nile B.V. No further realisations are anticipated from any other customer orders.

2.2.3 Production tubing / casing stocks

Following extensive marketing of the Company's stock of production tubing / casing stocks we have completed sales totalling \$72k. No further realisations are anticipated.

Our previous report narrated our decision to coordinate stock realisations across both the PPG and Petrostem groups and this has resulted in the Company recovering \$49k of costs associated with this sale process from other non-insolvent companies in the groups.

2.2.4 IT equipment

We set out details of the realisation of the Company's IT equipment in our last report. No further realisations are anticipated.

2.2.5 Intra and intergroup balances

As at the date of appointment, the Company was due \$20.3m from related parties which are now subject to insolvency proceedings.

Accordingly, the Company has submitted claims against the following:

- ▶ Petrostem Rentals Limited, a company in the Petrostem Group, for the sum of \$10.2m. As previously reported, we have received an interim distribution from the liquidation of PRL in the sum of \$264k.
- ▶ Petrostem International Limited, a company in the Petrostem Group, for the sum of \$0.2m. No distributions have yet been received from the liquidation of PIL.
- ▶ PPC Limited, a company in the PPG Group, for the sum of \$9.5m. This claim was originally \$0.5m but the adjudication process identified a creditor balance that had been incorrectly accounted for and its correction has resulted in an increased claim by the Company against PPC Limited. No distributions have yet been received from the liquidation of PPC Limited.

- ▶ Pipeline Supplies Bahrain W.L.L Limited, a company in the PPG Group, for the sum of \$0.3m. As set out in our last report, we have received an interim distribution from the liquidation of PSB in the sum of \$8k.

Further recoveries from these balances will depend on the outcome of those entities' insolvency processes.

The Company is also due amounts by Petroleum Pipe Americas Inc (\$0.1m) and Innospection Group Limited (\$0.1m), companies within the PPG Group and Innospection Group respectively. As previously reported, we understand that Petroleum Pipe Americas Inc has been dissolved and whilst Innospection Group Limited is not the subject of insolvency proceedings, we do not anticipate being able to recover any material sums in respect of this balance.

2.2.6 Prepayments to customer contracts

As at the date of appointment, the Company had paid \$2.0m to suppliers as deposits on stock purchases. Our previous reports set out the recoveries made in respect of \$0.8m of this balance but advised that further recoveries were proving difficult as the prepayments are not capable of being recovered from the suppliers, and many were in respect of non-standard specifications of steel pipe where there remain large balances outstanding to complete the orders. We do not anticipate making any further recoveries from these prepayments.

2.2.7 VAT receivable

As at the date of appointment, the Company was due a refund of \$0.2m from HM Revenue and Customs (HMRC) in relation to pre-appointment VAT. However, HMRC were owed a sum estimated at \$0.1m in relation to unpaid PAYE and NIC deductions. HMRC is entitled to set these amounts against each other such that a net realisation of \$0.1m was anticipated from this VAT debtor.

We had been advised by HMRC that they intend to set off part of the repayment against a balance due to the Redundancy Payments Office in respect of payments that department made to former employees of the Company. We therefore anticipate recovering c\$31k from HMRC and are in correspondence with them regarding its payment.

2.2.8 Foreign currency swap cancellation

Our previous report detailed the recovery achieved from the cancellation of an "in the money" foreign currency swap transaction. No further recovery will be made from this aspect of the case.

2.3 Expenditure

In our last report we set out details of the expenses of \$603,919 (net of VAT) incurred in the period to 28 August 2020 and also noted that we had settled the preferential creditors in the sum of \$35,645 giving total expenditure of \$639,564 (net of VAT) but excluding the Joint Administrators' fees and expenses. Expenses to 28 February 2021 are now \$644,929, again excluding the Joint Administrators' fees and expenses and settlement of preferential creditors. There is a breakdown of expenses incurred in this period and to date at Appendices C and D of this report.

Total expenses have now exceeded the original estimate provided with the Proposals. We anticipate that total expenses are now likely to be c\$666k compared to our initial estimate of \$605k and our estimate of \$626k provided in our last report.

An overview of the principal expenditure incurred in the current period is detailed below.

2.3.1 Legal fees - \$39k

We have increased our estimate of legal fees from \$137k to \$174k due principally to the ongoing involvement of our lawyers in Nigeria to assist in the recovery of the book debts discussed at Section 2.1.1 and our ongoing investigation of the conduct of the directors in the lead up to the insolvency of the Company.

2.4 Asset realisations for the PPG Group

The other insolvent entities within the PPG Group are not registered in England and Wales and are therefore subject to the insolvency proceedings in other jurisdictions. Accordingly, these entities are not within the remit of this report. Notwithstanding this, the Joint Administrators' recognise the inter-linked nature of the PPG Group and therefore detailed discussion of the insolvency proceedings and potential asset realisations for these entities is provided within the separate reports to the creditors of these companies which are available from the following website:

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

2.5 Investigations

As noted in our previous report, the Joint Administrators performed a thorough review into the conduct of the directors in the lead up to the insolvency of the Company and on 28 November 2018 submitted their conduct report to the Insolvency Service in respect of the Company. The contents of such reports are confidential.

The Joint Administrators continue to investigate certain matters raised by our investigations and are in correspondence with the Directors and their legal advisers in this regard. When we have received and reviewed all of the requested information, we will consider with our legal advisers 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 PPG Group is Bank of Scotland plc ("BoS"). As previously reported, BoS had submitted a formal claim against the Company of \$28.0m. This debt comprised amounts directly owed by the Company to BoS and amounts due to BoS under cross-guarantees granted in favour of BoS in relation to its lending to certain companies within the Petrostem and Maxtube Groups.

The Company has granted in favour of BoS a debenture covering all stock, trade debtors, intercompany debtors and other assets. Accordingly, all assets of the Company are secured to BoS.

As set out in our last report, we have reviewed BoS's claim and have adjudicated it at \$27.3m. This had reduced from the \$27.8m noted in previous reports following the discovery of interest that had been overcharged by the Bank.

The likely recovery to BoS in respect of the amounts due to it by the Company is currently estimated to be c. \$2.1m. To date, we have distributed \$1.9m to BoS. Should BoS receive full repayment of its debt, we will review the funds paid to BoS under its various securities by each individual entity to assess whether it is proportionate to the direct debts due by each to BoS.

3.2 Preferential creditors

Preferential creditor claims of \$36k in respect of claims for employees' holiday pay have been paid in full. There are no further claims from preferential creditors pending payment.

3.3 Unsecured non-preferential creditors

The Company's records indicate that non-preferential creditors may aggregate to c. \$18.5m.

Creditor claims may be higher due to contingent claims and other non-priority creditor amounts not included in the Company's records.

As the Company's assets are secured to BoS, we do not expect any recovery for unsecured non-preferential creditors of the Company and have therefore not carried out any formal adjudication of these claims.

3.4 Creditor claims

Please note that debts incurred by the Company before our appointment will rank as unsecured non-preferential claims. If you have a claim, please forward details together with supporting documentation (e.g. invoices, statements and agreements) to Ernst & Young LLP, 1 Bridgewater Place, Leeds, LS11 5QR, marked for the attention of Gordon Wilson, or, alternatively, to the following email address: ppcgroup@uk.ey.com.

Certain debts due from the Company may be preferential in accordance with Section 386 of the Insolvency Act 1986. 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 the Company's possession, please forward details to me as soon as possible.

Any sums due to the 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.

3.5 The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

As the debenture granted in favour of BoS was created on 19 June 2000, the Prescribed Part provisions do not apply to the administration of the Company. Accordingly, there will be no Prescribed Part available for distribution to the unsecured non-preferential creditors of the Company.

4. Joint Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 29 August 2020 to 28 February 2021 is attached at Appendix C.

5. Joint Administrators' remuneration, expenses, disbursements and payments to other professionals

5.1 Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Administrators.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Joint Administrators' remuneration was fixed on the basis of time properly given by the Joint Administrators and their staff in dealing with matters arising in the Administration at the hourly rates set out below (and in accordance with the fee estimate dated 19 October 2018) by a resolution of the preferential creditors and secured creditor on 21 December 2018.

In addition, the Joint Administrators were permitted to draw, as an interim claim, their remuneration for the period from the date of their appointment to Friday 5 October 2018 and thereafter to draw their remuneration four weekly in arrears subject to the provision in advance of a statement of such costs.

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

To 28 February 2021, the Joint Administrators have incurred time costs (based on the above hourly rates) of \$712,923. Of this sum, \$450,000 has been approved by creditors and paid to 28 February 2021.

Time costs incurred to date currently exceed the fee estimate of \$450k - see Appendix F. The principal reason for this is due to the time spent in respect of realising the Company's assets and our ongoing investigations into the actions of the directors in the lead up to the insolvency of the Company.

We will not draw remuneration in excess of the fee estimate without the prior approval of the secured and preferential creditors of the Company. The Joint Administrators propose to review the quantum of their fees once the outcome of the realisations process is fully known.

Attached at Appendices E to H are detailed analyses of time spent and charge out rates for each grade of staff for the various areas of work carried out to 28 February 2021 as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9.

5.2 Joint Administrators Statement of expenses incurred

During the period from our appointment to 28 February 2021, we have incurred expenses totalling \$644,929 (excluding VAT and excluding \$452,610 in respect of the Joint Administrators' fees and disbursements). There is a breakdown of these expenses at Appendix D of this report.

Total expenses have now exceeded the original estimate provided with the Proposals. We anticipate that final expenses are likely to be \$666k, which is c\$61k higher than our original estimate.

5.3 Disbursements

Appendix D also includes a breakdown of the Joint Administrators' Category 1 and 2 disbursements.

On 21 December 2018, the Joint Administrators received the approval of the secured creditor and preferential creditors to charge and draw disbursements in accordance with the charging policy set out in Appendix H and estimate provided with the Proposals.

To 28 February 2021, the Joint Administrators have incurred Category 1 and 2 disbursements of \$2,619, of which \$2,610 has been paid to the Joint Administrators' in the period to 28 February 2021.

5.4 Payments to other professionals

The Joint Administrators have engaged the services of the following during the course of the administrations:

Name of firm	Nature of service	How contracted to be paid
Pinsent Masons	Legal advisors - UK and UAE	Time costs
CMS Cameron McKenna	Legal advisors - UK	Time costs
AOA Legal	Legal advisors - Nigeria	Time costs
Carey Olsen	Legal advisors - Jersey and Cayman Islands	Time costs
ANM Group	Asset safeguarding and realisation strategy	Time costs
Calash Limited	Energy sector strategy consultants	Time costs

Wallbrook Advisory Limited	Diligence	Time costs
Wynterhill LLP	Legal advice - UK	Time costs

6. Other Matters

6.1 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. This will include, inter alia:

- ▶ Realising the remaining assets of the Company, most notably the books debts due to the Company by LBD and Lahor and inter / intra group debtor balances;
- ▶ Dealing with corporation tax and VAT matters, which includes filing statutory returns;
- ▶ Dealing with unsecured creditor enquiries;
- ▶ Distributing further realisations to BoS in its capacity as a secured creditor of the Company;
- ▶ Completing our investigations into the conduct of the directors in the lead up to the insolvency of the Company;
- ▶ Ensuring all statutory reporting and compliance obligations are met; and
- ▶ Finalising the Administration, including payment of all Administration liabilities.

6.2 The end of the administration

Following the extensions of the Administration of the Company as noted in paragraph 1.2 above, the Administration will end on 28 August 2021. although this period can be further extended by an application to Court. Given the outstanding issues in the administration and the impact the insolvencies of the other companies in the group will have on the outcome of the administration, we anticipate making an application to Court for a further extension to the period of administration.

It is proposed that the Administration will end either through a subsequent liquidation or via dissolution depending on whether there are any assets remaining at the end of the Administration.

Currently, the Joint Administrators do not anticipate that there will be any assets remaining at the end of the Administration. Accordingly, it is proposed that if at the end of the Administration the Company has no property which might permit a distribution to its creditors other than by way of the Prescribed Part, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

6.3 Matters to be brought to the attention of the Joint Administrators

If there are any matters concerning the Company's 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 Administration 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 Gordon Wilson on 0131 777 2305.

Yours faithfully
for the Company



Gavin Yuill
Joint Administrator

C P Dempster and G D Yuill are licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants of Scotland.

The affairs, business and property of the Company are being managed by the Joint Administrators, C P Dempster and G D Yuill, who act as agents of the Company only and without personal liability.

The Joint Administrators 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 Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix A Statutory information

Company Information

Company Name:	Petroleum Pipe Company Limited – in Administration
Registered Office Address:	c/o Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Registered Number:	03022675
Date of incorporation:	16 February 1995
Trading Name(s):	n/a
Trading Address(es):	9-11 Grosvenor Gardens, London, SW1W 0BD Morgan Properties, 7 Queens Garden, Aberdeen

Details of the Administrators and of their appointment

Administrators:	Colin Peter Dempster and Gavin David Yuill
IP number:	8908 and 14218
Date of Appointment:	29 August 2018
By Whom Appointed:	The appointment was made by the Company's Directors
Court Reference:	High Court of Justice, Business and Property Courts of England and Wales: CR-2018-007196

Any of the functions to be performed or powers exercisable by the administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

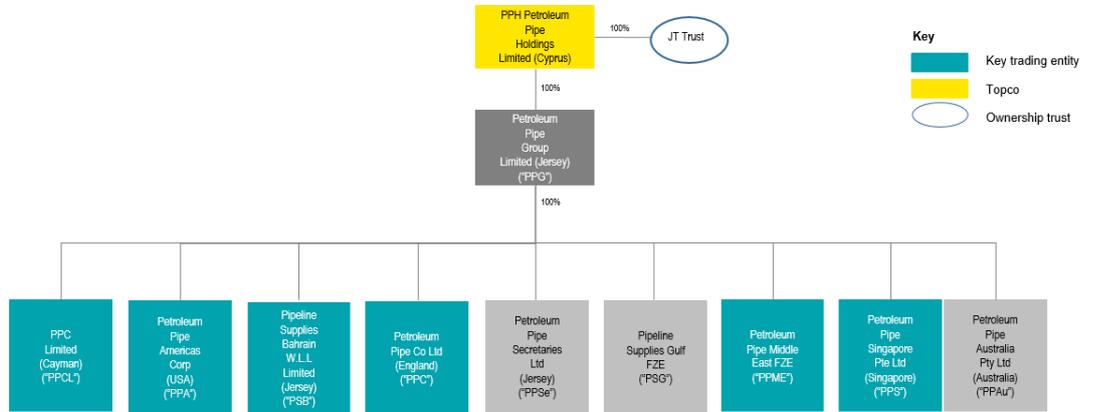
Share capital

Class	Authorised		Issued and fully paid	
	Number	\$000	Number	\$000
Ordinary (£1 translated to USD)	10,000,000	15,253	1,500,000	2,288

Directors and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Richard Mark Farnfield	Director	20 September 2004	-	-
Richard Gordon Morrice	Director	18 April 2007	-	-
Andrew John Martin	Director	15 August 2003	15 September 2003	-
Petroleum Pipe Secretaries Limited	Company secretary	9 October 2008	-	-

Appendix B The PPG Group structure



Appendix C Joint Administrators' receipts and payments account for the period from 29 August 2018 to 28 August 2020

Estimated to realise as per Directors' Statement of Affairs US\$		Period 29 August 2018 to 28 August 2020 US\$	Period 29 August 2020 to 28 February 2021 US\$	Total Period 29 August 2018 to 28 February 2021 US\$
	Receipts			
1,345	Cash at Date of Appointment	1,140	-	1,140
688,097	Pre-appointment debtors	1,708,536	-	1,708,536
51,670	Stock	71,964	-	71,964
183,728	VAT receivable	-	-	-
	Pre-appointment deposits	351,628	-	351,628
	Cancellation of Exchange rate swap	191,991	-	191,991
	Recovery of IT costs	35,361	-	35,361
	Recovery of stock realisation costs	29,171	-	29,171
	Sale of IT equipment	43,497	-	43,497
	Bank Interest	333	-	333
	Balance on Administrators' Trading account (see separate account)	153,662	(2,429)	151,234
	Distribution from Liquidation of Petrostem Rentals Ltd	264,448	-	264,448
	Distribution from Liquidation of Pipeline Supplies Bahrain WLL Ltd	8,471	-	8,471
	Total Receipts	2,860,202	(2,429)	2,857,774
	Payments			
	Preferential creditors	35,645	-	35,645
	Administrators' fees and expenses	434,965	17,645	452,610
	Legal fees and expenses	127,147	38,580	165,727
	Stock agent's fees & commission	2,955	-	2,955
	Statutory advertising	110	-	110
	Consultant's fees and expenses	42,640	-	42,640
	Distribution to secured creditor - Bank of Scotland plc	1,900,000	-	1,900,000
	Total Payments	2,543,462	56,225	2,599,687
	Net Receipts / (Payments) for the period	316,740	(58,654)	258,087
	Represented by:			
	Bank balances			
	Royal Bank of Scotland	214,587	-	149,451
	Inter-company - PPC Limited (In Liquidation)	-	-	-
	Inter-company - Petrostem Group Limited (In Liquidation)	-	-	-
	Inter-company - Petrostem International Limited (In Liquidation)	-	-	-
	VAT Recoverable	102,153	-	108,636
		316,740		258,087

Summary of Joint Administrators' trading account for the period from 29 August 2018 to 28 February 2021

	Period 29 August 2018 to 28 August 2020 US\$	Period 29 August 2020 to 28 February 2021 US\$	Total Period 29 August 2018 to 28 February 2021 US\$
Receipts			
Trading sales	584,730	-	584,730
Total Receipts	584,730	-	584,730
Payments			
Shipping / Freight charges	267,924	-	267,924
Wages / Salaries	64,522	-	64,522
Software Licence	51,353	-	51,353
Insurance	49,988	2,500	52,488
Property costs - Office rent	2,186	-	2,186
Sundry Expenses	234	-	234
Bank charges / Exchange Rate (Gain)/Loss	(5,138)	(71)	(5,210)
Total Payments	431,067	2,429	433,496
Balance on Administrators' trading account	153,662	(2,429)	151,234

Notes

1. Payments are likely to require reapportionment between the four entities within the PPG 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 Summary of Joint Administrators' expenses incurred for the period from 29 August 2018 to 28 February 2021

Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)

\$	Estimate Dated 19 October 2018	Paid to 28 August 2020	Outstanding	Total
Shipping / freight charges	275,000	267,924	Nil	267,924
Employee costs	62,500	64,522	Nil	64,522
Motor & travel	2,500	234	Nil	234
Software license	21,000	51,353	Nil	51,353
Rent	150,000	2,186	Nil	2,186
Utility charges	4,000	Nil	Nil	Nil
Agents' fees	10,000	45,595	Nil	45,595
Legal fees	45,000	165,727	8,000	173,727
Storage	5,000	Nil	5,000	5,000
Insurance	25,000	52,488	Nil	52,488
Statutory costs	3,000	110	1,000	1,110
Bank charges	800	(5,210)	5,210	Nil
Corporation tax	1,500	Nil	1,500	1,500
Total	605,300	644,929	20,710	665,639

Category 1 disbursements (see Note 2)

\$	Estimate Dated 19 October 2018	Paid to 28 August 2020	Outstanding	Total
Accommodation and subsistence costs	5,000	1,293	1,207	2,500
Travel costs (excluding mileage)	2,000	1,159	200	1,359
Specific Bond	150	104	Nil	104

Postage and printing	500	54	302	356
Total	7,650	2,610	1,709	4,319

Category 2 disbursements (note 2)

\$	Estimate Dated 19 October 2018	Paid to 28 February 2020	Outstanding	Total
Mileage	Nil	Nil	Nil	Nil
Totals	Nil	Nil	Nil	Nil

Notes

1. Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
2. SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories – Category 1 and Category 2.
 - ▶ Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment.
 - ▶ Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Exceeding estimates of remuneration, disbursements and expenses

As required by the Rules, the Proposals included the Joint Administrators' estimate of remuneration, disbursement and expenses.

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 of the Insolvency (England and Wales) Rules 2016.

Appendix E Joint Administrators' time costs for the period from 29 August 2020 to 28 February 2021 and cumulative from 29 August 2018 to 28 February 2021

Joint Administrators' time costs for the period from 29 August 2020 to 28 February 2021

	Staff Grade							Total Hours	Total Cost £	Average Rate £
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Accounting and Administration	-	-	0.2	11.2	-	5.4	23.4	40.2	13,579.00	337.8
Bank & Statutory Reporting	3.5	-	0.7	22.6	-	-	10.1	36.9	18,937.50	513.2
Debtors	-	-	-	19.7	-	-	-	19.7	11,623.00	590.0
Employee Matters	-	-	-	-	-	0.7	0.3	1.0	311.50	311.5
Investigation/CDDA (Mandatory)	0.5	-	10.3	-	-	-	-	10.8	7,637.50	707.2
Other Assets (Mandatory)	-	-	-	6.2	-	-	-	6.2	3,658.00	590.0
Statutory Duties	-	-	-	7.0	-	1.0	-	8.0	4,485.00	560.6
VAT & Taxation	-	-	-	16.1	-	-	6.2	22.3	10,801.00	484.3
Sale of Assets	-	-	-	-	-	-	-	-	-	-
Total Hours	4.0	-	11.2	82.8	-	7.1	40.0	145.1		
Time Costs (\$)	3,420.00	-	7,840.00	48,852.00	-	2,520.50	8,400.00		71,032.50	
Average Hourly Rate (£)	855.0	-	700.0	590.0	-	355.0	210.0		489.5	
Category 1 Disbursements (\$)	-									
Category 2 Disbursements (\$)	-									
	-									

Note: Time is charged in 6 minute intervals

Joint Administrators' cumulative time costs for the period from 29 August 2018 to 28 February 2021

	Staff Grade							Total Hours	Total Cost \$	Average Rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Accounting and Administration	2.0	-	4.4	43.3	0.3	126.5	72.3	248.8	90,909.50	365.4
Bank & Statutory Reporting	39.5	-	24.5	219.6	-	1.0	25.1	309.7	186,112.50	600.9
Creditors (Mandatory)	8.0	-	13.8	16.9	-	12.6	5.7	57.0	31,996.00	561.3
Debtors	2.0	-	7.0	95.3	-	2.5	1.0	107.8	63,934.50	593.1
Employee Matters	-	-	3.3	13.3	6.5	13.2	0.3	36.6	18,162.00	496.2
Immediate Tasks	0.5	-	9.7	1.1	22.5	-	-	33.8	18,891.50	558.9
Investigation/CDDA (Mandatory)	20.0	-	84.2	39.4	-	19.0	1.1	163.7	106,262.00	649.1
Job Acceptance & Strategy (M)	-	-	1.7	-	-	-	-	1.7	1,190.00	700.0
Other Assets (Mandatory)	-	-	3.9	24.0	-	-	-	27.9	16,890.00	605.4
Other Matters	-	-	13.0	15.5	14.6	1.5	-	44.6	25,931.50	581.4
Property	-	-	-	11.3	-	3.0	0.8	15.1	7,900.00	523.2
Statutory Duties	2.0	-	3.2	15.2	12.9	41.6	4.3	79.2	33,869.50	427.6
Stock and Fixed Assets	-	-	0.9	7.9	29.9	9.0	0.9	48.6	23,191.00	477.2
Trading (Mandatory)	-	-	2.2	57.6	0.4	-	6.4	66.6	36,994.00	555.5
VAT & Taxation	-	-	0.4	68.1	2.1	11.1	26.5	108.2	50,689.00	468.5
Sale of Assets	-	-	-	-	-	-	-	-	-	-
Total Hours	74.0	-	172.2	628.5	89.2	241.0	144.4	1,349.3		
Time Costs (\$)	63,270.00	-	120,540.00	370,517.50	43,708.00	84,873.50	30,014.00		712,923.00	
Average Hourly Rate (\$)	855.0	-	700.0	589.5	490.0	352.2	207.9		528.4	
Category 1 Disbursements (\$)	2,619.00									
Category 2 Disbursements (\$)	<u>2,619.00</u>									

Note: Time is charged in 6 minute intervals

Appendix F Joint Administrators' time costs for the period from 29 August 2018 to 28 February 2021 and a comparison with the fee estimate dated November 2019

	Per Fee Estimate			Actuals in this period			Total Actuals to date		
	Total Hours	Total Cost	Average Rate	Total Hours	Total Cost	Average Rate	Total Hours	Total Cost	Average Rate
Accounting and Administration	120.0	43,263.00	361	40.2	13,579.00	338	248.8	90,909.50	365
Bank & Statutory Reporting	95.0	51,728.00	545	36.9	18,937.50	513	309.7	186,112.50	601
Creditors (Mandatory)	50.0	19,750.00	395				57.0	31,996.00	561
Debtors	90.0	45,490.00	505	19.7	11,623.00	590	107.8	63,934.50	593
Employee Matters	33.0	16,275.00	493	1.0	311.50	312	36.6	18,162.00	496
Immediate Tasks	34.8	19,247.00	553				33.8	18,891.50	559
Investigation/CDDA (Mandatory)	97.0	47,740.00	492	10.8	7,637.50	707	163.7	106,262.00	649
Job Acceptance & Strategy (M)	-	-	-				1.7	1,190.00	700
Other Assets (Mandatory)	25.0	12,950.00	518	6.2	3,658.00	590	27.9	16,890.00	605
Other Matters	27.0	15,779.00	584				44.6	25,931.50	581
Property	45.0	22,400.00	498				15.1	7,900.00	523
Statutory Duties	90.0	42,675.00	474	8.0	4,485.00	561	79.2	33,869.50	428
Stock and Fixed Assets	118.0	60,465.00	512				48.6	23,191.00	477
Trading (Mandatory)	40.0	20,625.00	516				66.6	36,994.00	555
VAT & Taxation	65.0	31,200.00	480	22.3	10,801.00	484	108.2	50,689.00	468
Sale of Assets	-	-	-				-	-	-
Total	929.8	449,587.00	484	145.1	71,032.50	490	1,349.3	712,923.0	528

Appendix G Joint Administrators' time costs – explanation of the work done and ongoing

Category of work	Description of work done and ongoing
Accounting & Administration	<ul style="list-style-type: none"> ▶ Overall management of the case, treasury and accounting functions.
Bank and Statutory Reporting	<ul style="list-style-type: none"> ▶ Regular reporting to the Company's secured creditor. ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to the secured and preferential creditors.
Debtors	<ul style="list-style-type: none"> ▶ Reviewing the Company's debtor's ledger, collating information on the outstanding balances and realising the book debts. ▶ Reviewing the amounts due by related parties, investigating how best to realise value from these balances and negotiating recoveries where possible.
Employee Matters	<ul style="list-style-type: none"> ▶ Dealing with any employee enquiries. ▶ Processing employee claims.
Immediate Tasks	<ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointments, in order to execute the strategy outlined in the Proposals.
Investigations	<ul style="list-style-type: none"> ▶ Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders". ▶ The Joint Administrators' reports on the conduct of the directors under the Company Directors Disqualification Act 1986.
Legal Issues	<ul style="list-style-type: none"> ▶ Dealing with any ad hoc legal issues.
Other Assets	<ul style="list-style-type: none"> ▶ Realising value from the Company's other assets (excluding debtors, property, stock and fixed assets). ▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment.
Property	<ul style="list-style-type: none"> ▶ Liaising with the landlords of the Company's offices and yards and exiting the properties when appropriate.
Statutory Duties	<ul style="list-style-type: none"> ▶ Completion of statutory requirements of the administrations, including notifications to creditors and members, advertising the appointment, reporting to creditors on a 6-monthly basis and at the conclusion of the administration together with appropriate filing at Companies House.
Stock and Fixed Assets	<ul style="list-style-type: none"> ▶ Marketing for sale the production tubing and casing stocks together with the negotiation and completion of sales thereafter.
Trading	<ul style="list-style-type: none"> ▶ Reviewing outstanding customer orders and liaising with suppliers and customers thereto with a view to completing these orders where acceptable terms can be agreed and completion of the orders would support the strategy set out in the Proposals. ▶ Reviewing the pre-payments made to suppliers in connection with customer orders and negotiating recovery of these balances where possible. ▶ Managing staff to support the Joint Administrators in completion of their various duties.
VAT & Taxation	<ul style="list-style-type: none"> ▶ Preparing corporation tax and VAT returns. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the administrations.

Appendix H Statement of Joint Administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No.9

The Joint Administrators have engaged managers and other staff to work on the Administration. 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 Company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established specifically for this engagement. 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 below:

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

Administrators' 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 Creditors' 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.

Details of Category 1 or Category 2 expenses incurred to date are included at Appendix D.

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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