

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

Six Monthly Progress Report

In accordance with Rule 18.3 of The Insolvency Rules 2016

28 August 2019

Ernst & Young LLP



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 1 March 2019 to 28 August 2019 and should be read in conjunction with the Proposals dated 19 October 2018 and the six month progress report to 28 February 2019.

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 due to end automatically on 28 August 2019. With the consent of creditors, the initial period of appointment has been extended to 28 August 2020.

2. Progress since the 6 month report to 28 February 2019

2.1 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.

2.1.1 Trade debtors

Our previous report narrated the recovery of \$1.7m from trade debtors with balances due to the Company at the date of our appointment. Our report 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, the Company was unable to fulfil all the orders placed on it by Bankers prior to our appointment. Due to the Company's failure to deliver these orders and the consequential incremental costs incurred by Bankers, it has refused to make payment of the outstanding amount due. Despite a number of requests, we have yet to receive full details of the increased costs suffered by Bankers in arranging completion of the orders placed on the Company by another supplier. However, given the circumstances, we do not believe that there is any merit in continuing to pursue the outstanding balance. We have not assumed any recovery in respect of this debt.
- ▶ Lahor Limited (Lahor) \$1.7m): This balance was recorded in the books of PPC Limited, a related company. However, as all of the invoicing was undertaken by the Company, any amounts collected from this debtor would fall to the benefit of the Company. Accordingly, we are reporting progress here. Lahor is a Nigerian OCTG agent, and the majority of the \$1.7m outstanding balance dates back to June/July 2015 with only a small balance of \$10k dated in May 2018. We have engaged Nigerian lawyers to help pursue collection of this debtor balance. Having received no response to various letters and emails, 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. The Summons was served on Lahor in July 2019. Lahor have now submitted a Counter-Affidavit in response to the Summons and we are discussing their response with our lawyers. It is too early to predict the outcome of the legal action but we remain confident of the merits of the Company's position. We will update creditors on progress in our next report.
- ▶ LBD International Limited (LBD) (\$0.8m): Whilst a small part of this outstanding balance dates back to December 2015, the majority (\$0.6m) relates to invoices that were due for payment between January 2016 and March 2017, with the balance of \$200k having fallen due for payment in September 2018. We have engaged Nigerian lawyers to help pursue collection of this debtor balance. Although our Nigerian lawyers have received correspondence from LBD, we have yet to receive any valid reason for non-payment of the debt. Accordingly, we also issued an Originating Summons in the High Court of Lagos in respect of this outstanding debt in July 2019. The Summons was served on LBD in August 2019 and we have not yet received LBD's response. Again, we will update creditors on progress in our next report.

2.1.2 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.

2.1.3 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 from other non-insolvent companies in the groups.

2.1.4 IT equipment

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

2.1.5 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 a claim against the following:

- ▶ Petrostem Rentals Limited, a company in the Petrostem Group, for the sum of \$10.2m;
- ▶ Petrostem International Limited, a company in the Petrostem Group, for the sum of \$0.2m;
- ▶ 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 the correction has resulted in an increased claim by the Company against PPC Limited; and
- ▶ Pipeline Supplies Bahrain W.L.L Limited, a company in the PPG Group, for the sum of \$0.3m.

The Liquidators of the above four companies have admitted these claims in the respective insolvency process. The recovery from these balances will, therefore, 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. Whilst neither of these entities are the subject of insolvency proceedings, material recoveries from these balances are not expected.

2.1.6 Prepayments to customer contracts

As at the date of appointment, the Company had paid \$2.0m to suppliers as deposits on stock purchases.

As noted above, we completed one customer order with a sales value of \$0.6m and the steel required to complete the order had been pre-paid in full by the Company prior to our appointment. This order accordingly utilised \$0.4m of these prepayments.

We have also been able to utilise \$0.3m of prepayments in completing certain customer orders outstanding to be completed by Pipeline Supplies (Bahrain) Limited (In Liquidation) ("PSB"), another PPG Group company. The Company will shortly receive \$0.2m from PSB in relation to these prepayments.

We have been able to recover a further \$107k from the sale of a further tranche of the Company's supplier pre-payments.

Accordingly, there remains \$1.2m of these supplier prepayments which are as yet unused. As reported previously, recoveries are proving difficult as the prepayments are not capable of being repaid by the suppliers, and many of the payments were in respect of non-standard specifications of steel pipe where there remain large balances outstanding to complete the orders. We continue to pursue various avenues for recovery and will continue to update creditors on progress in our next report.

2.1.7 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 are entitled to set these amounts against each other such that a net realisation of \$0.1m was anticipated from this VAT debtor.

Although the pre-appointment VAT return was submitted in December 2018, we have only recently been advised that the claim has been processed for payment. We, accordingly, expect to receive the net sum of \$0.1m in early course.

2.1.8 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.

2.2 Expenditure

In our last report we set out details of the expenses of \$465,283 (net of VAT) incurred in the period from 29 August 2018 to 28 February 2019. In the period from 1 March 2019 to 28 August 2019, we have incurred further expenses of \$117,606 (net of VAT) and have settled the preferential creditors in the sum of \$35,645 giving total expenditure of \$153,251 (net of VAT) but excluding the Joint Administrators' fees and expenses. There is a breakdown of expenses incurred in this period and to date at Appendices C and D of this report.

At present, total expenses have not exceeded the original estimate provided with the Proposals.

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

2.2.1 Shipping / freight costs - \$24k

These costs have been incurred in obtaining release of goods in transit and in storage yards to assist in the recovery of pre-appointment debtor balances, stock realisations and one customer order that was completed post appointment.

2.2.2 Rent - \$2k

The expenditure relates to rental costs in respect of the Company's London office. Whilst we do not anticipate any further expenditure in this regard, we continue to hold a small provision in respect of yard costs.

2.2.3 Insurance - \$15k

As previously reported, the spend to date has exceeded our original estimate of \$25k. Whilst we estimate that c. \$45k of insurance cost will be recovered from other PPG Group companies, the anticipated costs of \$54k will remain higher than originally estimated. This is due to the completion of the post appointment sale discussed above and the wind-down of the Company's operations taking longer than we had originally anticipated. However, the increased costs are more than offset by the trading profit generated on the sale and the enhanced debtor recoveries which the orderly wind down enabled.

2.2.4 Legal fees - \$69k

We have increased our estimate of legal fees from \$45k to \$120k due principally to the engagement of 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.

2.2.5 Bank charges - \$7k recovery

The bank charges include an exchange rate gain arising from the difference between the standard exchange rate (£1 / \$1.3) used in the preparation of the receipts and payments accounts and the actual rate when funds were received. Accordingly, we now estimate that bank charges will be \$Nil.

2.2.6 Software Licences - \$12k

These costs exceed our original estimate by \$30k due principally to the current licenses being in arrears and the longer than anticipated wind down period noted above.

2.2.7 Employee costs - \$Nil

All employee costs were settled during the period covered by our previous report. Although these costs were \$2k higher than originally anticipated, they are more than offset by the \$6k recovery of IT costs from other group companies.

2.3 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>

2.4 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"). BoS has now submitted a formal claim against the Company of \$28.0m. This debt comprises 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.

We are currently reviewing the make-up of BoS's claim and expect to adjudicate on it shortly.

The likely recovery to BoS in respect of the amounts due to it by the Company is currently estimated to be c. \$2m.

3.2 Preferential creditors

Preferential creditor claims of \$36k in respect of claims for employees' holiday pay have now been paid in full.

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 John Loudon, 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 2018 to 28 August 2019 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 August 2019, the Joint Administrators have incurred time costs (based on the above hourly rates) of \$411,423. Of this sum, \$322,409 has been paid in the period to 28 August 2019.

Time costs incurred to date currently exceed the fee estimate (\$398k - 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 period prior to insolvency.

We anticipate that our remuneration will exceed the fee estimate by c. \$100k (to \$500k). 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 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 August 2019 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 covered by this report, we have incurred expenses totalling \$582,889 (excluding VAT and excluding \$324,790 in respect of the Joint Administrators' fees and disbursements). There is a breakdown of these expenses at Appendix D of this report.

At present, total expenses have not exceeded the original estimate provided with the Proposals.

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 August 2019, the Joint Administrators have incurred Category 1 and 2 disbursements of \$2,609, of which \$2,381 has been paid to the Joint Administrators' in the period to 28 August 2019.

5.4 Payments to other professionals

The Joint Administrators 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	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

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 and advance payments paid to suppliers;
- ▶ Dealing with corporation tax and VAT matters, which includes filing statutory returns;
- ▶ Dealing with unsecured creditor enquiries;
- ▶ Adjudicating on the claim of BoS and distributing 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 extension of the Administration of the Company as noted in paragraph 1.2 above, the Administration will end automatically on 28 August 2020, although this period can be extended by an application to Court.

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 General Data Protection Regulation 2016/679, 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 Administrator's 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.

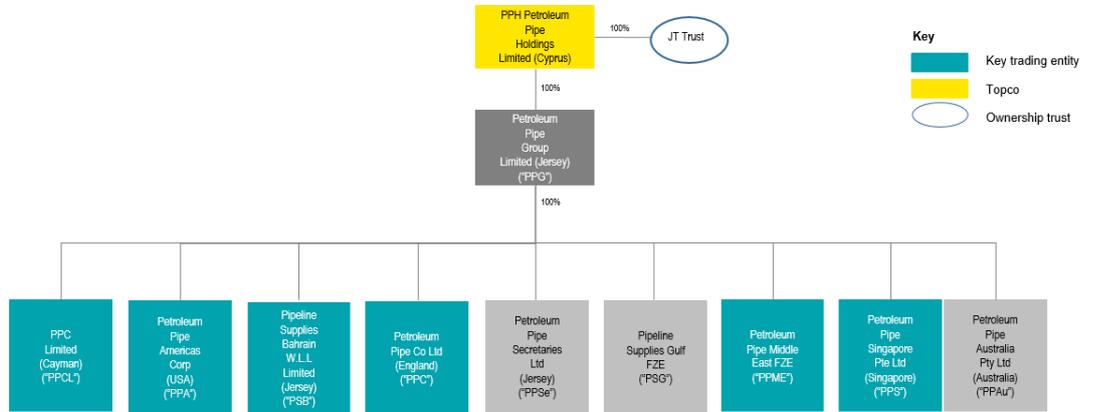
Share capital

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	29 March 1999	-	-
Andrew John Martin	Director	8 October 1997	31 March 2018	-
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 2019

Petroleum Pipe Company Limited (In Administration)
Receipts and Payments for the period from 29 August 2018 to 28 August 2019

Estimated to realise as per Directors' Statement of Affairs US\$	Receipts	Period	Period	Total US\$
		29 August 2019 to 28 February 2019 US\$	1 March 2019 to 28 August 2019 US\$	
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	22,054	49,910	71,964
183,728	VAT receivable	-	-	-
	Pre-appointment deposits	-	106,534	106,534
	Cancellation of Exchange rate swap	191,991	-	191,991
	Recovery of IT costs	5,671	-	5,671
	Recovery of stock realisation costs	-	49,404	49,404
	Sale of IT equipment	43,497	-	43,497
	Bank Interest	37	25	61
	Balance on Administrators' Trading account (see separate account for breakdown)	149,951	(45,751)	104,200
	Total Receipts	2,122,877	160,121	2,282,998
	Payments			
	Preferential creditors	-	35,645	35,645
	Administrators' fees and expenses	96,995	227,795	324,790
	Legal fees and expenses	29,094	68,900	97,994
	Stock agent's fees & commission	-	2,955	2,955
	Statutory advertising	110	-	110
	Consultant's fees and expenses	1,300	-	1,300
	Total Payments	127,499	335,296	462,795
	Net Receipts / (Payments) for the period	1,995,378	(175,174)	1,820,203
	Represented by:			
	Bank balances			
	Royal Bank of Scotland	2,029,040	-	1,813,667
	Inter-company - PPC Limited (In Liquidation)	(53,026)	-	(3,141)
	Inter-company - Petroleum Pipe Group Limited (In Liquidation)	-	-	(37,757)
	VAT Recoverable	20,364	-	47,435
		1,996,378		1,820,203

Summary of Joint Administrators' trading account for the period from 29 August 2018 to 28 August 2019

	Period	Period	Total
	29 August 2019 to 28 February 2019 US\$	1 March 2019 to 28 August 2019 US\$	US\$
Receipts			
Trading sales	584,730	-	584,730
Total Receipts	584,730	-	584,730
Payments			
Shipping / Freight charges	243,868	24,056	267,924
Wages / Salaries	64,522	-	64,522
Software Licence	39,093	12,260	51,353
Insurance	83,683	14,604	98,286
Property costs - Office rent	-	2,186	2,186
Sundry Expenses	234	-	234
Bank charges / Exchange Rate (Gain)/Loss	3,379	(7,354)	(3,975)
Total Payments	434,779	45,751	480,529
Balance on Administrators' trading account	149,951	(45,751)	104,200

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 August 2019

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 2019	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	(6,700)	44,653
Rent	150,000	2,186	20,000	22,186
Utility charges	4,000	Nil	1,000	1,000
Agents' fees	10,000	4,255	2,745	7,000
Legal fees	45,000	97,994	22,006	120,000
Storage	5,000	Nil	5,000	5,000
Insurance	25,000	98,286	(45,000)	53,286
Statutory costs	3,000	110	1,000	1,110
Bank charges	800	(3,975)	3,975	Nil
Corporation tax	1,500	Nil	1,500	1,500
Total	605,300	582,889	5,526	588,415

Category 1 disbursements (see Note 2)

\$	Estimate Dated 19 October 2018	Paid in Period	Outstanding	Total
Accommodation and subsistence costs	5,000	1,293	1,207	2,500
Travel costs (excluding mileage)	2,000	984	Nil	984
Specific Bond	150	104	Nil	104

Postage and printing	500	Nil	500	500
Total	7,650	2,381	1,707	4,088

Category 2 disbursements (note 2)

\$	Estimate Dated 19 October 2018	Paid in Period	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 1 March 2019 to 28 August 2019 and cumulative from 29 August 2018 to 28 August 2019

	Staff Grade						Total Hours	Time Cost	Average Hourly Rate	Cumulative time cost to 28 August 2019
	Partner	Director	Senior Manager	Manager	Executive	Analyst				
								(\$)	(\$)	(\$)
Accounting and Administration	1.0	2.1	1.9	0.3	32.6	13.5	51.4	18,001	350	45,490
Bank & Statutory Reporting	0.5	3.6	46.8	-	-	0.9	51.8	30,749	594	79,922
Creditors	7.0	1.2	6.5	0.1	8.4	2.9	26.1	14,300	548	22,663
Debtors	-	-	31.4	-	-	-	31.4	18,526	590	42,343
Employee Matters	-	-	-	-	0.7	-	0.7	249	356	16,857
Immediate Tasks	-	-	-	-	-	-	-	-	-	18,892
Investigation/CDDA	5.5	10.8	16.3	-	-	-	32.6	21,880	671	48,263
Job Acceptance & Strategy	-	0.4	-	-	-	-	0.4	280	700	1,050
Other assets	-	-	11.7	-	-	-	11.7	6,903	590	12,148
Other Matters	-	0.4	3.3	-	1.5	-	5.2	2,760	531	25,862
Property	-	-	-	-	-	-	-	-	-	7,732
Statutory Duties	0.5	0.8	3.6	-	4.0	-	8.9	4,532	509	22,605
Trading	-	0.3	36.7	-	-	-	37.0	21,863	591	35,661
VAT & Taxation	-	-	-	0.6	-	0.5	1.1	399	363	10,122
Stock and Fixed Assets	-	-	3.2	0.8	1.0	0.9	5.9	2,824	479	21,815
Total Hours	14.5	19.6	161.4	1.8	48.2	18.7	264.2			
Time Costs (\$)	12,398	13,720	95,226	882	17,111	3,927		143,266		
Average Hourly Rate (\$)	855	700	590	490	355	210		542		
Cumulative time cost to date (\$)	27,361	59,850	207,267	39,788	70,645	6,510				411,423
Category 1 Disbursements (\$)										
Accommodation	1,280									
Airfares	1,141									
Bonding	104									
Ground transportation: taxi	18									
Subsistence	13									
	2,609									
Category 2 Disbursements (\$)										
	-									
	2,609									

Note: Time is charged in 6 minute intervals

Appendix F Joint Administrators' time costs for the period from 29 August 2018 to 28 August 2019 and a comparison with the fee estimate dated 19 October 2018

	Per fee estimate dated 19 October 2019			Actual in this reporting period			Total to 28 August 2019		
	Total hours	Time costs (\$)	Average hourly rate (\$)	Total hours	Time costs (\$)	Average hourly rate (\$)	Total hours	Time costs (\$)	Average hourly rate (\$)
Accounting and Administration	95.0	34,250	361	51.4	18,001	350	127.3	45,490	357
Bank & Statutory Reporting	50.0	27,225	545	51.8	30,749	594	130.1	79,922	614
Creditors	95.0	37,525	395	26.1	14,300	548	40.6	22,663	558
Debtors	90.0	45,490	505	31.4	18,526	590	71.1	42,343	596
Employee Matters	33.0	16,275	493	0.7	249	356	33.0	16,857	511
Immediate Tasks	34.8	19,247	553	-	-	-	33.8	18,892	559
Investigation/CDDA	37.0	18,210	492	32.6	21,880	671	81.3	48,263	594
Job Acceptance & Strategy	-	-	-	0.4	280	700	1.5	1,050	700
Other assets	25.0	12,950	518	11.7	6,903	590	19.9	12,148	610
Other Matters	17.0	9,935	584	5.2	2,760	531	44.5	25,862	581
Property	45.0	22,400	498	-	-	-	14.3	7,732	541
Statutory Duties	90.0	42,675	474	8.9	4,532	509	52.0	22,605	435
Trading	118.0	60,465	512	37.0	21,863	591	62.9	35,661	567
VAT & Taxation	40.0	20,625	516	1.1	399	363	22.0	10,122	460
Stock and Fixed Assets	65.0	31,200	480	5.9	2,824	479	45.7	21,815	477
Total	834.8	398,472	477	264.2	143,266	542	780.0	411,423	527

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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