

**Petroleum Pipe Group Limited  
Pipeline Supplies Bahrain W.L.L Limited  
both in Liquidation (together “the Companies”)**

Six Monthly Progress Report

27 March 2019

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 4 October 2018
date of appointment	28 August 2018
EY	Ernst & Young LLP
Joint Liquidators	CP Dempster, GD Yuill and SA Gardner
PPC Cayman	PPC Limited - in Official Liquidation
PPC UK	Petroleum Pipe Co Limited - in Administration
PPG	Petroleum Pipe Group Limited - in Liquidation
PSB	Pipeline Supplies Bahrain W.L.L Limited - in Liquidation
the Banking Group	together, the PPG Group, the Petrostem Group and the Maxtube Group
the Companies	together, PPG and PSB
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 Maxtube Group	Maxtube Holdings Limited and its subsidiary undertakings
the MRS Group	Machine Rebuilding & Sales Limited and its subsidiary undertakings
the Petrostem Group	Petrostem Group Limited (In Liquidation) and its subsidiary undertakings
the Pioneer Group	Pioneer Group Ventures Limited and its subsidiary undertakings
the PPG Group	The Petroleum Pipe 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'), Petroleum Pipe Group Limited ('PPG') and Pipeline Supplies Bahrain W.L.L Limited ('PSB') (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 we were appointed Joint Liquidators, to provide creditors with a report on the progress of the Liquidations. This report covers the period from 28 August 2018 to 27 February 2019 and should be read in conjunction with the Creditors' Meeting Report dated 4 October 2018.

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

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

## 1.2 Creditors' Meeting and Liquidation Committee

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

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

The meeting was held on 4 October 2018. No liquidation committee was elected for either PPG or PSB. However, a Creditors' Steering Committee was elected in respect of the liquidations of the Companies and also of three related companies in the Petrostem Group.

We liaise with the Creditors' Steering Committee on a regular basis, as required, in relation to the liquidation of the Companies. In particular, we convened a first meeting of the Creditors' Steering Committee on 27 November 2018, and have provided the Committee with written updates on 20 December 2018 and 6 February 2019. We expect to convene a further meeting of the Committee in late April / early May 2019.

## 2. Conduct of the liquidations since 28 August 2018

### 2.1 Purpose of the liquidation

As detailed in the Creditors' Report, the Joint Liquidators strategy in respect of the insolvency of the PPG Group, including PPG and PSB, is to:

- ▶ Cease to trade the business of each of the entities to which the Joint Liquidators have been appointed (with the exception of the completion of certain orders, as discussed below);
- ▶ Collect in the debtor balances due to the PPG Group; and
- ▶ Market for sale their stock of production tubing and casing (and, in the case of PPC Cayman, a fellow subsidiary of the PPG Group, drilling pipe and related tools).

### 2.2 Asset realisations - PPG

The principal assets of PPG are its shareholdings in its nine wholly owned subsidiaries, and intragroup and intergroup receivables (which aggregated \$7.7m and \$62.0m respectively at 28 August 2018), each of which are discussed below.

#### 2.2.1 Investments in subsidiaries

As detailed in the Creditors' Report, each of the entities within the PPG Group, with the exception of PSG, will be wound-down in insolvency (in the case of PSB, PPC Cayman and PPC UK) or on a managed basis by their existing directors, subject to the supervision of the Joint Liquidators of PPG. Accordingly, there is no realisable value from the shareholdings of PPG's subsidiaries.

In respect of PSG, shortly after the appointment of the Joint Liquidators, a sale of PPG's shareholding in PSG and of certain trade names of PPG (PPC, Petroleum Pipe, Pipeline Supplies) was completed to Maxtube ME Limited, a new company formed specifically as a subsidiary of Maxtube Group to acquire certain contracts held by PPC Cayman.

The consideration for the shareholding and trade names was \$22k together with full reimbursement of cash and deposits held by PSG at the completion date (which aggregated \$36k). The purchaser also made a contribution of \$6k towards our costs in agreeing the sale. As part of the agreement the current debt due by PSG to PPG of \$19m was waived.

The consideration received for the trade names was supported by an independent third-party valuation. We assessed that in a solvent wind-down the likely net asset recoveries to PPG from its shareholding in PSG would be \$Nil. Accordingly, we are satisfied that the consideration received from Maxtube ME Limited represents fair value.

The consideration received in respect of the sale of PPG's shareholding in PSG is secured to BoS.

## 2.2.2 Intragroup and intergroup balances

A summary of the intragroup and intergroup balances due to PPG as at 28 August 2018 is provided below. The Bank is currently considering whether recoveries from these balances are captured under the security granted in its favour by PPG.

### *Intragroup receivable balances*

	At 28 August 2018 (\$m)	Estimated recovery
Petroleum Pipe Co Limited (In Administration)	6.1	No recovery anticipated.
Petroleum Pipe Singapore Pte Limited ('PPS')	1.6	No recovery anticipated.
<b>Total</b>	<b>7.7</b>	

### *Intergroup receivable balances*

	At 28 August 2018 (\$m)	Estimated recovery
Petrostem Group Limited (In Liquidation)	27.1	1.42% of the balance
Petrostem (UK) Limited (In Administration)	4.8	0.87% of the balance
Petrostem International Limited (In Liquidation)	6.8	0.17% of the balance
Petrostem Rentals Limited (In Liquidation)	4.3	1.78% of the balance
MRS Group	8.4	
Pioneer Group	4.1	
Innospection Group	6.4	
<b>Total</b>	<b>61.9</b>	

### 2.2.2.1 Petrostem Group

Each of the four Petrostem Group entities which have receivable balances due to PPG are subject to insolvency proceedings. Each of these receivable balances will, therefore, represent a claim by PPG in the insolvency of the respective Petrostem Group entity.

The recovery from these balances will, therefore, depend on the outcome of each individual insolvency process and based on the current estimated outcomes, are unlikely to be material (see above).

We would also highlight that the Bank holds an English law debenture over the whole property and undertaking of three of the Petrostem Group companies. There is no debenture in Petrostem Rentals Limited. In respect of Petrostem Group Limited and Petrostem International Limited, the above noted estimated recoveries assume that the Bank's debenture does not create a valid security over the assets of these companies outside of the United Kingdom. The Bank is currently assessing the security provided by its debentures over these assets. If the Bank is able to demonstrate that these debentures provide it with valid security over all of the assets of these companies, there is unlikely to be any recovery for PGL from these intergroup receivables.

#### **2.2.2.2 MRS Group**

We have engaged in discussions with the current sole shareholder of the MRS Group and are awaiting an offer in respect of settlement of the debt due to PPG. However, based on a review of the trading and balance sheet position of MRS, a material recovery from MRS appears unlikely.

In September 2018, the KTT Trust (the investment vehicle which held a 50.01% shareholding in MRS Group) sold its shareholding in MRS Holdco for a consideration of \$0.1m payable in 10 equal instalments. In December 2018, the Joint Liquidators agreed with the KTT Trust that this consideration would be paid to PPG, as PPG had provided the funds to acquire the 50.01% interest.

During the period covered by this report, \$10k has been received and further realisations based on the agreed instalments are expected.

#### **2.2.2.3 Pioneer Group and Innospection Group**

As detailed in the Creditors' Report, we were approached by the Pioneer and Innospection Groups with a proposed settlement offer of \$0.3m in relation to the amounts due to both the PPG and Petrostem Groups (Pioneer Group - \$38.0; Innospection Group - \$10.6m).

The Joint Liquidators undertook a valuation of the assets of Pioneer and Innospection (including an independent valuation of fixed assets) and subsequently calculated an estimated outcome in an insolvency process to PPG which was materially in excess of the \$0.3m settlement offer. After consulting with the Creditors' Steering Committee, the Joint Liquidators formally rejected the \$0.3m settlement offer and have asked for a revised settlement proposal.

We understand that a further settlement proposal is unlikely to be received from the Pioneer and Innospection Groups. As such, we are currently exploring other options for recovery of the substantial intragroup debts due to PPG, including the sale of this debt to third parties. We have received an offer in respect of Pioneer Group, which we are currently evaluating. No offers have yet been received in respect of Innospection Group.

### **2.3 Asset realisations - PSB**

#### **2.3.1 Intragroup debtors**

PSB is due \$10.6m by PPG. As PPG is now subject to liquidation proceedings, the balance will, therefore, represent an unsecured claim in the insolvency of PPG. As set out at Section 3.3 below, the recoveries for unsecured creditors of PPG are unlikely to be material.

#### **2.3.2 Trade debtors and uncompleted orders**

PSB's sole customer was Tatweer Petroleum Bahrain Field Development Company W.L.L. (Tatweer). As at 28 August 2018, Tatweer was due \$0.1m to PSB and this balance was collected in full on 30 October 2018.

As detailed in the Creditors' Report, as at 28 August 2018 nine separate orders with Tatweer were outstanding to complete by PSB which the Joint Liquidators estimated could realise a net profit in excess of \$0.5m for the creditors of PSB.

With the exception of two small deliveries, with a sales value of \$20k, that we anticipate will be delivered by the end of April 2019, all outstanding orders with Tatweer had been completed and delivered by 28 February 2019. Total sales generated by these orders was \$6.8m and as at 28 February 2019, \$6.1m of these sales had been received from Tatweer. The balance of \$0.7m was received in March 2019 and will be recorded in the receipts and payments account provided in our next report.

Whilst a number of costs in connection with these sales have yet to be invoiced, we anticipate a profit of c. \$1m will be made from the completion of these orders. We believe that this is an excellent result for creditors and fully justifies the decision taken to complete these orders on our appointment.

## 2.4 Asset realisations for the PPG Group

The other insolvent entities within the PPG Group (PPC UK and PPC Cayman) are not registered in Jersey and are therefore subject to 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

The Joint Liquidators have performed a thorough review of the conduct of the directors in the lead up to the insolvency of the Companies. Matters reviewed have included:

- ▶ Analysis of funding provided to related parties in the years leading up to the insolvency of the Company;
- ▶ Analysis of funding received from the Major Creditors;
- ▶ Review of transactions with related parties;
- ▶ Review of any disposals of assets in the lead up to the insolvency of the Companies;
- ▶ A review of the movement in trade creditor balances (both in aggregate and individually) from 1 April 2017 to the date of our appointment;
- ▶ A review of individual cash receipts and payments in the period from 1 April 2017 to the date of our appointment;
- ▶ Review of the level of remuneration received by each of the directors in the three financial years ending 31 March 2016, 2017 and 2018, and the five months to August 2018;
- ▶ Review of board minutes for each of the Companies;
- ▶ Review of questionnaires provided by the Directors detailing the circumstances which led to the insolvency of the Company; and

- ▶ Review of the Companies' compliance with statutory deadlines in respect of filing of annual returns and accounts and payment of taxes.

The Joint Liquidators continue to investigate certain matters raised by our investigations and have formally written to the Directors in this regard. On receipt of their response, we will actively consider with the Creditors' Steering Committee whether any further action is warranted.

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

### 3. Outcome for creditors

We provide below, for information, an indication of the current position with regard to creditors' claims. The figures have been compiled by the Companies' management and have not been subject to independent review or audit.

#### 3.1 Secured creditors

The principal lender to the PPG Group is Bank of Scotland plc. As at 28 August 2018, the debt due by the PPG Group to BoS was \$30.7m. This debt comprises amounts directly owed by the PPG Group to BoS, and amounts due to BoS by the PPG Group under cross-guarantees granted in favour of BoS in relation to its lending to certain companies within the Petrostem and Maxtube Groups.

The details of the security held by BoS in relation to the Companies is as follows:

- ▶ PPG - 2012 Jersey Law security interest agreement specifically covering PPG's shareholding in PSB and all other shareholdings and, potentially, intergroup and intragroup receivables; and
- ▶ PSB - English law debenture covering the whole property and undertaking of PSB. The Joint Liquidators' legal advice is that, notwithstanding its terms, this English law debenture only provides effective security to BoS over the assets of PSB located in the United Kingdom. As PSB only trades with customers outside the United Kingdom, in effect, this debenture does not provide BoS with security over the key assets of PSB. However, BoS has recently advised that it is currently assessing whether its English law debenture does provide it with valid security over all of the assets of PSB.

The recovery for BoS will be dependent on the resolution of the security provided by its 2012 Jersey Law security interest agreement (in relation to PPG) and its English law debenture (in relation to PSB). Should BoS be able to demonstrate that its security extends to the whole property and undertaking of the Companies, the net realisations from the liquidation of each of the Companies would fall to be paid to BoS. Should that not be the case, the recovery available to BoS in respect of its security would be limited to the net proceeds from the sale of PPG's shareholding in PSG and of certain trade names of PPG (PPC, Petroleum Pipe, Pipeline Supplies) and, potentially, recoveries from PPG's intergroup and intragroup receivables.

#### 3.2 Priority creditors

Neither PPG nor PSB employed any employees. Accordingly, the balance due to priority creditors 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.

#### 3.3 Unsecured non-priority creditors

The records of PPG and PSB indicate that claims of non-priority creditors may aggregate \$163.7m and \$35.4m respectively (including BoS).

As discussed further at Section 3.4 below, on 31 January 2019, we wrote 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 22 March 2019. We are currently reviewing the claims received. Therefore the final balance of creditor claims may be higher due to contingent claims and other non-priority creditor amounts not included in the Companies' records.

Based on the information available to us, creditors of PPG may recover c. 0.2% of the amounts due to them from its insolvency process. An interim dividend is anticipated to be paid in June 2019.

Based on the information available to us, creditors of PSB may recover c. 2.0% of the amounts due to them from its insolvency process. An interim dividend is anticipated to be paid in June 2019.

It should be noted that both these estimated dividend percentages assume that the Bank's security does not provide it with a valid security over the assets of the Companies outside of the United Kingdom. As discussed at Section 3.1 above, the Bank is currently assessing its security position. Should the Bank be able to demonstrate that it has a valid security over all of the assets of the Companies, no amounts would be available to distribute to the unsecured non-priority creditors of the Companies.

### 3.4 Creditor claims

Please note that on 31 January 2019 the Joint Liquidators wrote to all known creditors of the Companies to inform them of their intention to declare an interim dividend in the liquidations of the Companies. The last date for proving claims was set at 22 March 2019.

As noted in Section 3.1, BoS has not yet submitted its claim in either PPG or PSB and has requested additional time to finalise their view on the security it holds. As the basis of their claim will have a material impact on the dividend prospects for all creditors, the Joint Liquidators have extended the last date for proving claims to 19 April 2019. If creditors do not prove their debt by the last date for proving they may be excluded from the interim dividend.

If you have not yet submitted a formal claim in the Liquidation please complete and return the enclosed proof of debt form along with any supporting documentation (invoices, statements, contracts, etc.) to John Loudon at this office or by email to [petrostemgroup@uk.ey.com](mailto:petrostemgroup@uk.ey.com). The proof of debt form can also 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 2018 to 27 February 2019 is attached at Appendix C for PPG and Appendix D for PSB.

## 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

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

To 27 February 2019, the Joint Liquidators have incurred time costs (based on the above hourly rates) of \$155,585 and \$314,730 in relation to PPG and PSB respectively. Attached at Appendices E and F is a detailed analysis of these time costs. To date, \$Nil has been paid in respect of PPG and \$173,716 has been paid in respect of PSB. Note that as these fees were paid on 14 March 2019, they do not appear in the receipts and payments account at Appendix D but will be included in the account provided in our next report.

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 report, preparation of the Creditors' Meeting Report, and notifying the Joint Liquidators' appointment to all known creditors;
- ▶ Investigating the conduct of the Directors' and the circumstances leading up to our appointment as Joint Liquidators;
- ▶ Negotiating the sale of PPG's shareholding in PSG and trade names to Maxtube ME Limited;
- ▶ Undertaking all activities associated with evaluating and implementing the completion of PSB's outstanding customer orders with Tatweer; and
- ▶ Addressing correspondence and queries received from creditors.

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

To 27 February 2019, the Joint Liquidators have incurred Category 1 disbursements of \$2,155 and \$4,334 in relation to PPG and PSB respectively. To date, \$Nil has been paid in respect of PPG and \$2,708 has been paid in respect of PSB. As these expenses were paid on 14 March 2019, they do not appear in the receipts and payments account at Appendix D but will be included in the account provided in our next report.

### **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 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 E and F. 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	Legal advisors - UK and UAE	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

## 6. Other matters

### 6.1 Future conduct of the liquidations

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

- ▶ Completing the two remaining deliveries to Tatweer by PSB and undertaking all actions necessary in relation thereto;
- ▶ Collecting in the trade debtor balances due to PSB;
- ▶ Realising any other assets of the Companies, including intragroup and intergroup;
- ▶ In their capacity as Joint Liquidators of PPG, supervising the managed wind-down of the other subsidiaries of PPG which are not subject to insolvency proceedings;
- ▶ Dealing with tax matters, which includes filing returns;
- ▶ Dealing with creditor enquiries;
- ▶ Distributing realisations to the secured and priority creditors of the Companies;
- ▶ Agreeing unsecured creditor claims and making distributions to unsecured creditors;
- ▶ Ensuring all statutory reporting and compliance obligations are met; and
- ▶ Finalising the liquidations, including payment of all liquidation liabilities.

### 6.2 The end of the liquidations

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

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

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

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

### 6.4 Reporting

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

The report will be made available on the following website:

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

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

Yours faithfully  
for the Companies



Gavin Yuill  
Joint Liquidator

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

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

## Appendix A Statutory information

### Company Information

Company Name:	Petroleum Pipe Group Limited - in Liquidation Pipeline Supplies Bahrain W.L.L Limited - in Liquidation
Registered Office Address:	c/o Ernst & Young LLP Liberation House Castle Street St Helier Jersey, JE1 1EY
Registered Number:	PPG - 93767 PSB - 114076
Trading Name(s):	n/a

### Details of the Liquidators and of their appointment

Liquidators:	C P Dempster, G D Yuill and S A 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

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

Pipeline Supplies Bahrain W.L.L Limited (in Liquidation) is wholly owned by Petroleum Pipe Group Limited (In Liquidation).

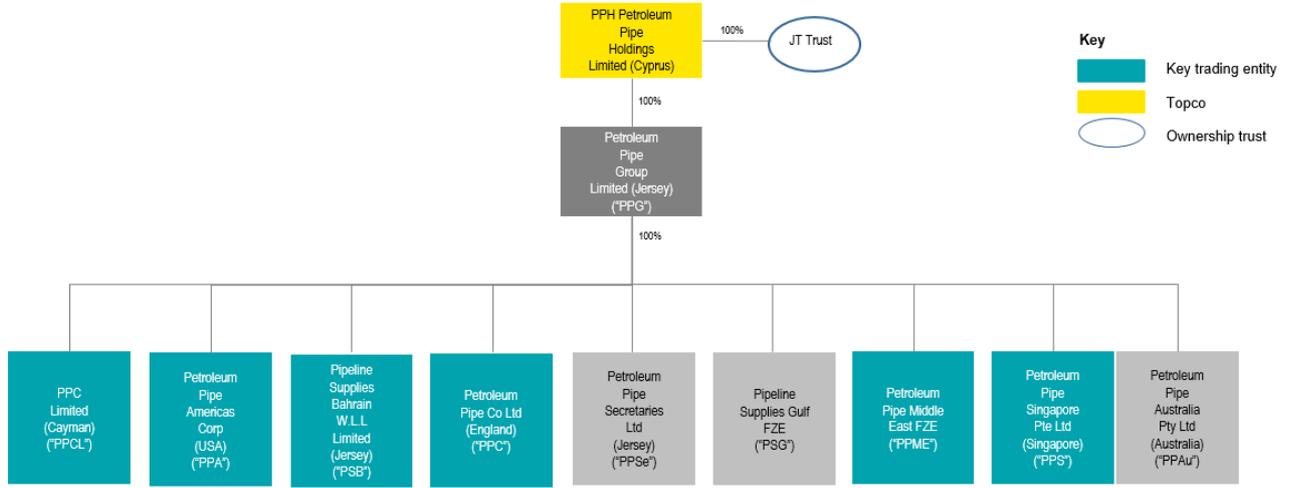
**Directors and their shareholdings***Petroleum Pipe Group Limited*

Name	Date appointed	Date resigned	Current shareholding
Richard Gordon Morrice	20 June 2006	n/a	-
Julian Charles Tyacke	27 June 2006	n/a	-
John Alan Simpson	31 July 2010	n/a	-
Richard Mark Farnfield	31 July 2006	n/a	-
Peter Robin Schulte	27 November 2006	26 August 2016	-
Peter Duthie	17 May 2008	1 December 2017	-

*Pipeline Supplies Bahrain W.L.L Limited*

Name	Date appointed	Date resigned	Current shareholding
Richard Gordon Morrice	25 June 2010	n/a	-
Julian Charles Tyacke	16 January 2012	n/a	-
Craig Brand	10 September 2012	n/a	-
Paul John Moir	10 September 2012	n/a	-

# Appendix B PPG Group structure



## Appendix C Receipts and payments account – PPG

### Petroleum Pipe Group Limited (In Liquidation)

#### Receipts and Payments for the period from 28 August 2018 to 27 February 2019

	Period 28 August 2018 to 21 September 2018	Period 22 September 2018 to 27 February 2019	Total period 28 August 2018 to 27 February 2019
	US\$	US\$	US\$
<b>Receipts</b>			
Cash at Date of Appointment	259	-	259
Sale of investment in MRS		10,000	10,000
Sale of investment in Pipeline Supplies Gulf	57,676	6,343	64,019
	<b>57,935</b>	<b>16,343</b>	<b>74,278</b>
<b>Payments</b>			
Advertising		107	107
Bank charges	93	98	191
Insurance		89,848	89,848
Legal Fees		9,119	9,119
	<b>93</b>	<b>99,172</b>	<b>99,265</b>
	<b>57,842</b>	<b>(82,829)</b>	<b>(24,987)</b>
<b>Represented by:</b>			
Bank balances			
Royal Bank of Scotland	57,842		47,841
Inter-company - PPC Limited (In Liquidation)			(72,828)
	<b>57,842</b>		<b>(24,987)</b>

### 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: GB£:US\$, 1.3; and US\$:AED, 3.673.

## Appendix D Receipts and payments account – PSB

### Pipeline Supplies Bahrain Limited (In Liquidation)

#### Receipts and Payments for the period from 28 August 2018 to 27 February 2019

	Period 28 August 2018 to 21 September 2018	Period 22 September 2018 to 27 February 2019	Total period 28 August 2018 to 27 February 2019
	US\$	US\$	US\$
<b>Receipts</b>			
Cash at Date of Appointment		7,740	7,740
Post-appointment sales		6,051,725	6,051,725
Pre-appointment debtors		84,922	84,922
	-	<b>6,144,387</b>	<b>6,144,387</b>
<b>Payments</b>			
Bank charges	22	692	714
Inspection fees		2,000	2,000
Legal fees and expenses		5,238	5,238
Material purchases		3,904,528	3,904,528
Pipe handling / packing / shipment charges	102,536	302,659	405,195
Statutory advertising		107	107
	<b>102,558</b>	<b>4,215,225</b>	<b>4,317,783</b>
	<b>(102,558)</b>	<b>1,929,161</b>	<b>1,826,604</b>
<b>Represented by:</b>			
Bank balances			
Royal Bank of Scotland		8	2,966,876
Bank of Scotland			-
Inter-company - PPC Limited (In Liquidation)	(102,566)		(1,140,273)
	<b>(102,558)</b>		<b>1,826,604</b>

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: GB£:US\$, 1.3; and US\$:AED, 3.673

## Appendix E Time properly incurred analysis – PPG

### Summary of Joint Liquidators' time costs for the period from 28 August 2018 to 27 February 2019

	Staff Grade						Total Hours	Time Cost	Average Hourly Rate
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
								(\$)	(\$)
Accounting and Administration	1.5	0.3	0.4	-	12.1	13.3	27.6	8,817	319
Bank & Statutory Reporting	10.0	10.6	26.3	-	2.0	-	48.9	32,197	658
Creditors (Mandatory)	2.5	8.5	2.5	-	13.8	-	27.3	14,462	530
Debtors	-	10.8	-	-	25.5	-	36.3	16,613	458
General	-	-	-	0.5	3.5	-	4.0	1,488	372
Immediate Tasks	0.5	2.9	1.1	-	-	-	4.5	3,107	690
Investigation/CDDA (Mandatory)	6.0	13.7	9.3	-	19.5	-	48.5	27,130	559
Job Acceptance & Strategy (M)	-	0.7	-	-	-	-	0.7	490	700
Legal Issues	-	0.3	-	-	-	-	0.3	210	700
Members	-	-	-	-	-	-	-	-	-
Other Assets (Mandatory)	2.5	15.8	8.0	-	-	-	26.3	17,918	681
Other Matters	2.5	11.1	2.8	-	-	-	16.4	11,560	705
Statutory Duties	0.5	10.2	-	-	33.0	-	43.7	19,283	441
Trading (Mandatory)	-	1.0	-	-	-	0.4	1.4	784	560
VAT & Taxation	-	0.2	1.5	0.3	-	-	2.0	1,172	586
Sale of Business	-	-	-	-	-	-	-	-	-
Prescribed Part Distribution	-	-	-	-	-	-	-	-	-
Stock and Fixed Assets	-	-	-	-	1.0	-	1.0	355	355
<b>Total Hours</b>	<b>26.0</b>	<b>86.1</b>	<b>51.9</b>	<b>0.8</b>	<b>110.4</b>	<b>13.7</b>	<b>288.9</b>		
<b>Time Costs (\$)</b>	<b>22,230</b>	<b>60,270</b>	<b>30,621</b>	<b>392</b>	<b>39,192</b>	<b>2,877</b>		<b>155,585</b>	
<b>Average Hourly Rate (\$)</b>	855	700	590	490	355	210		539	
<b>Category 1 Disbursements (\$)</b>									
Statutory notices	1,485								
Ground transportation - rail	256								
Accommodation	212								
Postage	155								
Subsistence	36								
Ground transportation - taxi	10								
	<b>2,155</b>								
<b>Category 2 Disbursements (\$)</b>	-								
	<b>2,155</b>								

Note: Time is charged in 6 minute intervals

### Joint Liquidators' charging policy for disbursements

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

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

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

## Appendix F Time properly incurred analysis – PSB

### Summary of Joint Liquidators' time costs for the period from 28 August 2018 to 27 February 2019

	Staff Grade						Total Hours	Time Cost	Average Hourly Rate
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
								(\$)	(\$)
Accounting and Administration	1.5	1.5	1.4	0.1	59.7	3.9	68.1	25,220	370
Bank & Statutory Reporting	8.5	10.6	49.1	-	1.0	-	69.2	44,012	636
Creditors (Mandatory)	-	7.5	2.9	-	19.0	1.0	30.4	13,916	458
Debtors	10.0	3.0	24.0	-	-	-	37.0	24,810	671
Employee Matters	-	-	-	-	0.5	-	0.5	178	356
Immediate Tasks	0.5	3.1	1.1	-	-	-	4.7	3,247	691
Investigation/CDDA (Mandatory)	5.0	4.2	10.8	0.4	15.5	-	35.9	19,286	537
Job Acceptance & Strategy (M)	-	0.8	-	-	-	-	0.8	560	700
Legal Issues	-	1.0	-	-	-	-	1.0	700	700
Other Matters	-	11.6	0.3	7.8	-	-	19.7	12,119	615
Statutory Duties	-	7.2	-	-	31.5	-	38.7	16,223	419
Trading (Mandatory)	15.5	26.7	171.4	-	49.3	9.3	272.2	152,523	560
VAT & Taxation	-	0.1	1.5	0.3	-	-	1.9	1,102	580
Stock and Fixed Assets	-	-	-	1.0	0.5	0.8	2.3	836	363
<b>Total Hours</b>	<b>41.0</b>	<b>77.3</b>	<b>262.5</b>	<b>9.6</b>	<b>177.0</b>	<b>15.0</b>	<b>582.4</b>		
<b>Time Costs (\$)</b>	<b>35,055</b>	<b>54,110</b>	<b>154,875</b>	<b>4,704</b>	<b>62,835</b>	<b>3,150</b>		<b>314,730</b>	
<b>Average Hourly Rate (\$)</b>	855	700	590	490	355	210		540	
<b>Category 1 Disbursements (\$)</b>									
Airfares		1,747							
Accommodation		1,687							
Statutory notices		462							
Ground transportation - taxi		205							
Subsistence		160							
Postage		74							
		<b>4,334</b>							
<b>Category 2 Disbursements (\$)</b>		-							
		<b>4,334</b>							

Note: Time is charged in 6 minute intervals

### Joint Liquidators' charging policy for disbursements

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

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

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

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