

PPC Limited
(In Official Liquidation)
("the Company")

First Report of the Joint Official Liquidators to all known creditors

29 October 2018



Disclaimer

This report has been prepared solely to provide creditors of the Company with an update as to the progress of the liquidation and should not be relied upon for any other purpose. This report is strictly confidential and should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole or in part, without the prior written consent of the Joint Official Liquidators (“JOLs”).

Any party who uses this report for any other purpose does so entirely at its own risk and shall have no right of recourse against the JOLs, EY Cayman Ltd., Ernst & Young LLP, or its partners, directors, employees, professional advisors or agents.

None of the JOLs, EY Cayman Ltd., Ernst & Young LLP, or its partners, directors, employees, professional advisors or agents accept any liability or assume any duty of care to any third party (whether it is an assignee or successor of another third party or otherwise) in respect of this report and any such party who receives a copy of this report, whether from the JOLs, EY Cayman Ltd., Ernst & Young LLP, or any other source, shall have no right of recourse against the JOLs, EY Cayman Ltd., Ernst & Young LLP, or its partners, directors, employees, professional advisors or agents.

In preparing this report the JOLs have relied upon information which they have obtained during the course of their appointment including certain statutory documentation and other information received from parties in possession of information, documents, or records pertaining to the Company and its affairs or other third parties. The JOLs have not performed an audit examination on this information.

The JOLs act as agents of the Company and without personal liability.

Abbreviations

The following abbreviations are used in this report:

BoS	Bank of Scotland
Court	Grand Court of the Cayman Islands
CWR	Companies Winding Up Rules (2018 Revision)
Date of Appointment	Date of appointment of the JVLs on 28 August 2018
FYXX	Financial year ending 31 March 20XX
IPR	Insolvency Practitioners' Regulations 2018
JOLs	Keiran Hutchison, Colin Peter Dempster and Gavin David Yuill in their capacity as Joint Official Liquidators of the Company (the "JOLs")
JVLs	Keiran Hutchison, Colin Peter Dempster and Gavin David Yuill in their capacity as Joint Voluntary Liquidators of the Company (the "JVLs")
LC	Liquidation Committee
PPC UK	Petroleum Pipe Company Limited (In Administration)
PPG	Petroleum Pipe Group Limited (In Liquidation)
PPS	Petroleum Pipe Singapore Pte Limited
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 Connected Groups	Maxtube Group, MRS Group, Petrostem Group, Pioneer Group and Bright Morning Investments Inc, each of which is related to the PPG Group
the Innospection Group	Innospection Group Limited and its subsidiary undertakings
the Law	Companies Law (2018 Revision)
the Maxtube Group	Maxtube Holdings Limited and its subsidiary undertakings
the Major Creditors	Salzgitter Mannesmann International (USA) Inc. Salzgitter Mannesmann International GmbH Longulf Trading (UK) Limited Traxys North America LLC
the Occidental Contracts	Contracts with Occidental Mukhaizna LLC, Occidental of Oman Inc and Occidental Oman Gas Company LLC
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 group structure chart for which is detailed at Section 2.2 of this report
YTD19	Three month period to 30 June 2018

Contents

1. Introduction and purpose of the meeting.....	5
2. Circumstances giving rise to the appointment of JVLs, and subsequently JOLs	8
3. Purpose and conduct of the liquidation	16
4. Assets.....	17
5. Creditors.....	20
6. Fees and disbursements.....	22
7. Other matters.....	24
Appendix A Order 9 of the CWR - Liquidation Committees	26
Appendix B Proof of Debt.....	33
Appendix C Proxy Form	35
Appendix D Receipts and Payments - Voluntary Liquidation Period.....	36
Appendix E Receipts and Payments - Official Liquidation Period.....	37

1. Introduction and purpose of the meeting

1.1 Introduction

The sole shareholder of the Company passed written resolutions on 28 August 2018 for the Company to be placed into Voluntary Liquidation and to appoint Keiran Hutchison of EY Cayman Ltd., 62 Forum Lane, Camana Bay, P.O. Box 510, Grand Cayman, KY1-1106, Cayman Islands, Colin Peter Dempster of Ernst & Young LLP, Atria One, 144 Morrison Street, Edinburgh, United Kingdom, EH3 8EX, and Gavin David Yuill of Ernst & Young LLP, G1 5 George Square, Glasgow, United Kingdom, G2 1DY as Joint Voluntary Liquidators.

On 29 August 2018, each of the directors of the Company informed the JVLs by letter that they do not consider that the Company will be able to pay its debts in full, together with interest at the prescribed rate, within a period of 12 months from the commencement of the winding up, and therefore the directors were unable and unwilling to sign a Declaration of Solvency in the prescribed form.

Therefore, pursuant to Section 124(1) of the Law, on 2 October 2018 the JVLs made an application to the Court for an order that the liquidation continue under the supervision of the Court.

Accordingly, on 3 October 2018, the Court ordered that the liquidation of the Company continue under the supervision of the Court and that the JVLs be appointed as JOLs.

The JOLs have filed all of the necessary appointment documents with the Registrar of Companies in respect of the liquidation of the Company.

A statutory advertisement confirming the appointment of the:

- JVLs was published in the Cayman Islands Gazette on 10 September 2018;
- JOLs was published in the Cayman Islands Gazette and the Worldwide Edition of the Financial Times on 17 October 2018.

Notice of the JVLs' and JOLs' appointment was sent to the directors, service providers and creditors shortly after their respective appointments. The JOLs requested the Company's statutory books and records from the service providers which the JOLs are currently reviewing.

Pursuant to Section 101 of the Law, the JOLs have formally requested that the directors of the Company submit a Statement of Affairs by 1 November 2018 that outlines the Company's financial position at the date of the appointment.

1.2 Purpose of the meeting

In accordance with Order 8, Rule 2 of the CWR, the JOLs have convened the first meeting of creditors to be held at 7:00 am (Cayman Islands time) on 1 November 2018 via teleconference. Please note that the meeting is being held outside of normal business hours to accommodate various creditors in different time zones.

This meeting has been convened for the purposes of laying before the meeting the JOLs' first report on the conduct of the liquidation and the state of the Company's affairs. The JOLs will also propose to creditors the forming of a LC.

The Company is part of the PPG Group. Due to the inter-relationships between each company in the PPG Group and their common management, throughout this report the JOLs refer to the activities of the whole PPG Group. This wider context of the PPG Group's activities is integral to understanding the circumstances giving rise to the insolvency of the Company and the subsequent appointment of the JOLs.

Where relevant, the JOLs have provided further detail relating to the specific circumstances of the Company separately.

Pursuant to Order 8, Rule 1(2) of the CWR, the JOLs are required to make a determination as to the solvency of the Company. Based on information available to date, it has been determined that the Company is insolvent and the JOLs have filed a certificate of insolvency with the Court. The JOLs may revise their determination from time to time in light of changes of relevant circumstances and/or their assessment of the Company's financial position.

The JOLs have also determined that the currency of the liquidation shall be United States Dollars (US\$). Therefore, all currency amounts included in this report are in United States Dollars (US\$) unless otherwise stated.

1.3 Liquidation Committee

As noted above, the primary purpose of the first meeting will be to seek nominations for the formation of the LC. The role of the LC is to:

- act as representatives for the general body of creditors and to consult with the JOLs;
- act as a confidential sounding board on the liquidation strategy; and
- approve the remuneration of the JOLs.

The LC shall comprise not less than 3 nor more than 5 members.

Any creditor wishing to nominate themselves for this role should contact Michael Lam at michael.lam@ky.ey.com or alternatively may nominate themselves during the course of the meeting.

Please refer to Order 9 from the CWR enclosed at **Appendix A** which details the establishment, roles and requirements of the LC.

Members of the LC will be asked to sign confidentiality undertakings as much of the information provided to them will be commercially sensitive and/or legally privileged and will not be available to all creditors.

Any creditor is eligible to be a member of this LC so long as he has lodged a proof of debt and the proof of debt has not been wholly rejected. A corporate member of the LC must be represented by an individual who is duly authorised in writing by a letter sent to the JOLs at least two days prior to the meeting.

Any creditor entitled to attend and vote at the meeting is entitled to do so either in person or by proxy.

Proof of debt and proxy forms are enclosed at **Appendix B and C** respectively. Completed proof of debt and proxy forms must be submitted to the JOLs by no later than 5:00 pm Cayman time on 30 October 2018. Please note there is no requirement to resubmit a proof of debt if you have previously submitted this to the JOLs.

2. Circumstances giving rise to the appointment of JVLs, and subsequently JOLs

2.1 Statutory Information

The Company was incorporated under the Law of the Cayman Islands on 7 November 2006 as an exempted company with limited liability with registration number 177013.

Registered Office: Corporate Filing Services Ltd
3rd Floor, Harbour Centre, P.O. Box 613
George Town, Cayman Islands

The JVLs have changed the Company's registered office to EY Cayman Ltd., 62 Forum Lane, Camana Bay, PO Box 510, Grand Cayman, KY1-1106, Cayman Islands.

Directors: Richard Gordon Morrice
Julian Charles Tyacke
Paul John Moir

Shareholder: Petroleum Pipe Group Limited (In Liquidation)

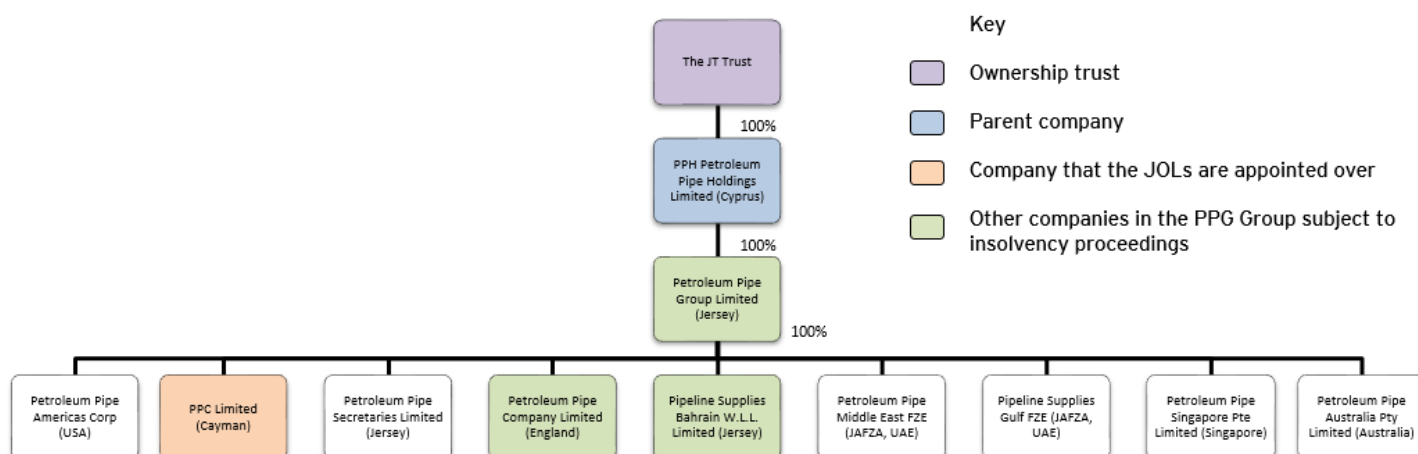
2.2 History

The PPG Group was formed in 1976 and its principal activity is a stockist and distributor of casing and tubing to the international oil and gas and geothermal industries. It acquires casing and tubing from steel mills (primarily in China) which it then supplies to oil and gas companies (typically exploration and production businesses). The PPG Group trades worldwide, but predominantly in the Middle East.

The PPG Group has a network of stock yards and offices across the globe. Each of these yards and offices is leased from or storage costs paid to either the Petrostem Group, the Pioneer Group or third parties. The PPG Group's headcount as at 28 August 2018 totalled 34, of which 5 were paid by the Company.

The Company is the main trading entity within the PPG Group and its key customer is Occidental based in Oman to whom it supplies pipe under a contractual arrangement which expires on 31 December 2019. Occidental accounts for c. 55% of the annual revenue of the PPG Group.

Detailed below is the PPG Group structure.



Three other companies within the PPG Group have also entered insolvency. Specifically:

- On 28 August 2018, the Royal Court of Jersey ordered that, pursuant to Article 155 of the Companies (Jersey) Law 1991, PPG and PSB be placed into Just and Equitable Winding Up and that Colin Peter Dempster, Stuart Arthur Gardner and Gavin David Yuill of Ernst & Young LLP, be appointed Joint Liquidators for the purposes of such winding up.
- On 29 August 2018, PPC UK, a PPG Group company registered in England, was placed into administration under the supervision of the Court in England and Wales, and Colin Peter Dempster and Gavin David Yuill of Ernst & Young LLP were appointed as Joint Administrators.

2.3 Financial performance

2.3.1 Historical trading performance

The recent financial results of the PPG Group can be summarised as follows:

Historical trading performance summary

\$m	FY14	FY15	FY16	FY17	FY18
Revenue	290.1	319.9	141.3	116.9	97.0
Cost of Sales	(257.7)	(274.1)	(109.4)	(97.2)	(91.7)
Gross profit	32.4	45.8	31.9	19.7	5.4
<i>Gross profit margin</i>	11.2%	14.3%	22.6%	16.9%	5.5%
Overheads	(21.5)	(37.5)	(22.5)	(18.7)	(17.4)
EBITDA	10.9	8.3	9.4	1.0	(12.0)
Depreciation	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest	(3.2)	(2.4)	(1.5)	(0.8)	(0.3)
Taxation	0.2	-	-	-	-
Net profit	7.8	5.8	7.7	0.1	(12.4)

Source: Annual audited accounts provided by Anderson Anderson & Brown LLP to FY17 (FY17 draft) and PPG Group Management Accounts for FY18

After an 11 year period in which the PPG Group's revenues consistently exceeded \$200m and averaged \$278m, its revenues fell sharply from FY15 as a result of the downturn in the oil and gas sector from late 2014. Indeed, over the three year period from FY15 to FY18, the PPG Group's revenues fell by \$223m (70%) to \$97m, driven principally by the reduction in drilling activity over that period.

Whilst the PPG Group benefitted from a strong gross margin in FY16 as a result of the impact of its strategy to acquire surplus stock packages from competitors and end users at discounts, margins returned to more normal levels from FY17.

Management took measures to address the overhead cost base of the PPG Group. However, this was insufficient to maintain the overall profitability of the PPG Group. Consequently, the PPG Group recorded an EBITDA loss of \$12m in FY18. This EBITDA loss and gross margins in FY18 were impacted by lower margins on sales to Occidental and KOC and disposal of stock at lower prices to raise funding.

2.3.2 Forecast trading performance

Forecast trading performance summary

\$m	FY18	FY19	YTD19	YTD19
	Actual	Forecast	Forecast 3m	Actual 3m
Revenue	97.0	135.7	27.8	32.4
Cost of Sales	(91.7)	(119.2)	(24.8)	(32.1)
Gross profit	5.4	16.5	3.0	0.3
<i>Gross profit margin</i>	5.5%	12.2%	10.5%	0.8%
Overheads	(17.4)	(13.8)	(3.5)	(2.8)
EBITDA	(12.0)	2.7	(0.6)	(2.5)
Depreciation	(0.1)	-	-	-
Interest	(0.3)	(0.8)	(0.2)	(0.1)
Taxation	-	(0.1)	-	-
Net profit	(12.4)	1.9	(0.8)	(2.6)

Source: PPG Group Management accounts for FY18 and YTD19

Notwithstanding the FY18 financial performance, the PPG Group believed that improving market conditions in the oil and gas sector would allow it to return to profitability.

In February 2018, it, therefore, prepared trading projections for FY19 - FY21. These trading projections set out an EBITDA forecast of \$2.7m for FY19 driven by an anticipated increase in revenue of \$39m (40%). This forecast revenue growth exceeded Middle East market forecasts for production tubing and casing.

Actual results in the three months to 30 June 2018 show an EBITDA loss of \$2.5m, a shortfall of \$2m to forecast levels. These results were primarily impacted by losses on stock sales to raise funding to meet working capital requirements to allow completion of outstanding customer orders following the withdrawal of credit insurance to certain suppliers.

2.3.3 Historical and forecast cash flows

Historical and future cash flow summary

\$m	FY14	FY15	FY16	FY17	FY18	FY19
	Actual	Actual	Actual	Actual	Actual	Forecast
EBITDA	10.9	8.3	9.4	1.0	(12.0)	2.7
Working capital	(16.8)	0.4	40.2	(6.8)	3.6	10.1
Operating cash flow	(5.9)	8.7	49.6	(5.8)	(8.4)	12.8
Taxation	0.2	-	-	-	-	(0.1)
Capex	(0.3)	-	-	-	-	-
<i>Financing cash flows</i>						
BoS term loan	(6.8)	(2.0)	(7.5)	(5.0)	(1.3)	(2.5)
NBF Loan	-	-	-	-	-	(1.4)
Interest	(3.2)	(2.4)	(1.5)	(0.8)	(0.3)	(0.8)
JT Loans	4.0	10.7	(2.0)	(2.6)	7.0	
Major Creditors	-	-	-	40.7	8.9	-
Intergroup	2.2					
<i>Maxtube Group</i>		2.5	(1.1)	2.6	(3.6)	-
<i>Petrostem Group</i>		(0.6)	1.4	(52.2)	(38.8)	(4.0)
<i>MRS</i>		(2.0)	(3.8)	(0.3)	6.3	-
<i>Innospection Group</i>		1.0	-	(0.3)	(0.9)	-
<i>Pioneer Group</i>		-	(2.3)	(0.7)	(1.2)	-
<i>Bright Morning Inv.</i>		-	-	(3.6)	3.6	-
Dividends	(5.5)	-	-	-	-	-
Total financing	(9.3)	7.3	(16.8)	(22.2)	(20.1)	(8.7)
Movement in retained earnings	-	-	-	-	2.0	-
Net cash inflow / (outflow)	(15.2)	16.0	32.9	(28.0)	(26.4)	4.0
Opening cash	19.1	3.9	19.9	52.8	24.9	2.3
Closing cash	3.9	19.9	52.8	24.9	(1.5)	6.3

Source: Annual audited accounts provided by Anderson Anderson & Brown LLP to FY17 (FY17 draft), PPG Group Management Accounts for FY18; PPG Group financial projections for FY19

Notes:

1. An analysis of the intergroup inflow of \$2.2m in FY14 has not been provided.
2. The closing cash balance at 31 March 2018 and the opening balance for the FY19 forecast are different – as the FY19 forecast was prepared on the basis of a forecast cash balance at 31 March 2018.
3. Whilst the JOLs await confirmation of this, the JOLs anticipate that this movement in retained earnings in FY18 relates to the impact of adjustments to retained earnings brought forward not reflected in the PPG Group's management accounts at 31 March 2018.

PPG Group's cash position was typically strong throughout FY14 - FY16, supported by an average EBITDA of \$9.5m over that period. FY16 cash flows were also supported by a significant reduction in working capital levels, with falling turnover in that year driving a reduction in trade debtors of \$61.2m.

A material reduction in its cash flow position, however, is noticeable from FY17. Indeed, PPG Group recorded an operating cash outflow over FY17 and FY18 of \$14.2m. This operating cash outflow was driven by PPG Group's declining trading performance and an increase in stock attributable to the transfer to it of \$15m of Petrostem Group's rental assets. This stock transfer took place following consultation with BoS as consideration for the re-allocation of funds to Petrostem Group by PPG in order to reduce or eliminate Petrostem Group's overdrawn balance.

Both prior to and over this two year period, PPG Group benefitted from extended credit terms afforded to it by the Major Creditors. An increase in credit totalling \$49.6m was provided over the period to FY18. Whilst this credit was typically (but not exclusively) contractually due by the PPG Group, the beneficiary of the majority of this credit (as set out below) was the Petrostem Group. Accordingly, whilst this credit was reflected on the balance sheet of the PPG Group, interest charges were typically recorded in the financial statements of Petrostem Group.

The cash flow summary presented above also highlights that the PPG Group provided funding aggregating \$95.6m to Connected Groups over the three year period from FY16 to FY18. Of this funding, \$89.6m was provided to Petrostem Group and was broadly applied by it to fund trading losses (\$22.3m), fund investment in its rental assets (\$23.2m) and meet the cash flow needs of the Pioneer and Innospection Groups (\$30.5m). Note that an element of the cash provided to the Connected Groups was funded by Julian Tyacke.

Note that the PPG Group's cash flow forecast for FY19:

- Reflected a net cash inflow from positive working capital movements of \$10.1m driven by a forecast reduction in average customer collection periods from 110 days to 70 days, and an assumption that advance payments to mill suppliers would not be required.
- Reflected the provision of funding to the Petrostem Group of \$4.0m; but
- Excluded forecast payments of \$12.6m to the Major Creditors of PPG Group, which were forecast separately on a consolidated basis for the Banking Group. Accordingly, the total debt repayment obligations of the PPG Group in FY19 were \$17.5m.

2.4 Circumstances giving rise to the appointment of JVLs, and subsequently JOLs

2.4.1 Options considered by the PPG Group

In light of the above noted financial performance of the PPG Group, the Banking Group consistently operated close to their agreed overdraft facility with BoS, who also agreed to the deferral of its scheduled term loan repayments at certain points in order to provide the Banking Group with flexibility whilst it sought to address its financial position.

The directors of the PPG Group considered various options in order to try to address its deteriorating financial situation and engaged the services of FRP Advisory in May 2018 to assist therewith. These options are discussed below.

2.4.1.1 Trade on

In an attempt to address its deteriorating financial position, the PPG Group implemented a number of operational changes including redundancies and budget cuts which resulted in an improved forecast EBITDA of \$2.7m for FY19. Trading performance in the three months to 30 June 2018 was, however, materially behind expectations, with an EBITDA loss of \$2.5m recorded in that period.

As illustrated by the PPG Group's forecast cash flows, even a return to the forecast level of profitability in FY19 would have been insufficient to service the PPG Group's debt repayment obligations, which it estimated to be \$17.5m in FY19.

The PPG Group considered approaching its Major Creditors to agree a standstill in respect of their debt repayment obligations. It, however, assessed that such discussions would be unsuccessful. Further, in isolation, such a standstill would not have been a cure for the PPG Group's financial position - as the PPG Group required funding to meet its ongoing trading losses and working capital requirements.

In its FY19 cash flow forecast the PPG Group anticipated that it would not be required to make payments in advance of delivery to its steel suppliers. In reality this was not achieved (for factors including the withdrawal of credit insurance to certain key suppliers) and the PPG Group required further funding to meet its working capital requirements. In particular, the PPG Group received a large order (c. \$22m) from its principal customer which required the acquisition of pipe with a value of c. \$14m from Chinese mills who require payment in advance of delivery (and / or a letter of credit to that value). The PPG Group was unable to fund this working capital requirement.

Accordingly, the directors of the PPG Group concluded that the Company and certain other subsidiaries were insolvent.

2.4.1.2 Refinance

The PPG Group considered a possible refinancing and, indeed, engaged a third party to assist therewith. An offer was received by the Banking Group from an independent third party in early August, which was rejected as it was incapable of being accepted (in light of the completion timescales proposed). Ultimately the extent of the debts of the PPG Group led to discussions with other parties being unsuccessful.

2.4.1.3 Solvent sale of business

The PPG Group fully considered whether a sale of the whole Group or its key trading subsidiaries as a going concern was viable, and this was explored by the third party appointed to seek a refinancing of the Banking Group. However, it was concluded that it was unreasonable to expect a third party to acquire the business as a whole in light of its current financial performance and the extent of its debts. A debt forgiveness as part of such a sale was also, for the reasons set out above, considered unachievable.

2.4.1.4 Pre-packaged sale of business

A pre-packaged sale of the trade and assets of the PPG Group to an independent third party immediately on insolvency was also considered. However, the PPG Group concluded that this was unachievable as its key customer contracts were all capable of being terminated on insolvency, and these key customers had in place alternate suppliers to whom the PPG Group assessed business would be preferred in the event of such an approach.

2.4.1.5 Insolvency

Based on the above, the PPG Group assessed that all options other than a full insolvency and managed wind-down of the PPG Group were unavoidable. Accordingly, the directors of the Company resolved by written resolution to place the Company into Voluntary Liquidation on 28 August 2018.

3. Purpose and conduct of the liquidation

As set out above, the directors of the PPG Group concluded that the trading performance of the PPG Group rendered all options (other than an insolvency and managed wind-down of the PPG Group) as unviable.

Accordingly, on 28 August 2018, Keiran Hutchison, Colin Peter Dempster and Gavin David Yuill were appointed JVLs of the Company and subsequently on 3 October 2018, the Court ordered that the liquidation of the Company continue under the supervision of the Court and that the JVLs be appointed as JOLs.

The JOLs formed the opinion that it was not appropriate to continue to trade the business of the Company in insolvency. This was predominantly due to the fact that the Company's key customer contracts were capable of being terminated on insolvency. Further, the nature of the business with long lead times between order and fulfilment, the negative working capital cycle of the PPG Group and the risks of cancelled orders or interruptions to supplies were too great to be able to trade the business for any meaningful period post insolvency. To do so would likely have been detrimental to the position of the creditors of the Company.

The JOLs will, however, complete certain outstanding customer orders of the Company in order to generate incremental recoveries for their creditors and to protect against potential breach of contract claims from their customers.

Accordingly, the JOLs' strategy in respect of the liquidation of the Company, is to:

- Cease to trade the business of the Company (with the exception of the completion of certain orders, as discussed above);
- Collect in the debtor balances, and intragroup / intergroup receivables due to the Company; and
- Market for sale the Company's stock of production tubing and casing, drilling pipes and related tools.

On or around the date of the JVLs appointment to the Company, PPG and PSB entered into liquidation and Colin Peter Dempster, Stuart Arthur Gardner and Gavin David Yuill were appointed Joint Liquidators; and PPC UK entered administration, and Colin Peter Dempster and Gavin David Yuill were appointed Joint Administrators. On appointment of the Joint Liquidators / Joint Administrators, each of these three companies ceased to trade. All other entities within the PPG Group will also be wound down on a managed basis by their existing directors.

4. Assets

4.1 Transactions in advance of insolvency

As discussed at Section 2.1 of this report, the principal customer of the PPG Group was Occidental in Oman, of which the Company was the main trading entity. On 26 August 2018, the Company assigned the Occidental Contracts to Maxtube ME Limited for a consideration based on the gross profit generated from these contracts until their expiry on 31 December 2019 (subject to a minimum payment of 50% of the net profit) and, if the contracts are extended, until 27 August 2023. This assignment of the Occidental Contracts was implemented by the directors of the Company prior to its insolvency.

Maxtube ME Limited is part of the Maxtube Group and is connected to the PPG Group as both it and the Company are ultimately owned by Julian Tyacke (through a beneficial trust in both cases).

As noted above, the Occidental Contracts were a key asset of the Company. Whilst this transaction was implemented by the directors of the Company prior to its insolvency, as prospective JVLs of the Company, the proposed terms were carefully considered and a conclusion was reached that the terms of this transaction were in the best interest of the creditors of the Company for the following reasons:

- The JVLs consider that the Occidental Contracts were not capable of being traded on in insolvency nor sold to a third party as they are terminable on insolvency;
- The quantum of working capital funding required would render service of the Occidental Contracts infeasible and be potentially detrimental to the outcome for creditors given the associated supply chain risks;
- Assignment of the Occidental Contracts will facilitate a greater return from collection of the trade debtor balances due by Occidental by mitigating Occidental's right of set off for incremental costs in the event of the insolvency of the Company;
- The Company will continue to benefit from the profit derived from the Occidental Contracts, with ongoing income from Maxtube ME Limited estimated at \$1.3m in the period to 31 December 2019 and an additional \$2.5m should the contract be extended to 27 August 2023; and
- The assignment will remove any potential claim from Occidental in respect of breach of its supply contract and potentially reduce claims from suppliers (should outstanding purchase orders be novated) which may improve the outcome for the wider body of creditors.

4.2 Trade debtors

As at 28 August 2018, trade debtor balances due to the Company aggregated \$6.9m.

Of these balances \$5.0m was due from Occidental, of which \$4.3m has been received as at 19 October 2018. The JVLs expect to collect in full the outstanding balance of \$0.7m due by Occidental to the Company.

The remaining balances of \$1.9m relate to two other debtors and are unlikely to be collectable. One of the debtors relates to a balance of \$0.2m owed by Mitsui & Co Ltd who are a significant creditor of the Company and will therefore be offset against the balance due to them. The other debtor is a balance of \$1.7m owed by Lahor Limited and dates back to supplies made by the Company in April and June 2015.

4.3 Outstanding orders with Occidental

As at 28 August 2018, six separate orders with Occidental spread across twelve separate deliveries were outstanding to be completed by the Company. The JOLs estimate that completion of these outstanding orders could realise a net profit in excess of \$1.0m for the creditors of the Company. Whilst the process of completing these orders is complex, the JOLs have determined that it is in the best interests of creditors to look to complete these orders.

As at 19 October 2018, ten of these deliveries have been made to Occidental. Invoices aggregating \$3.5m have been issued to Occidental in respect thereof, of which the JOLs have now collected \$1.0m. The JOLs anticipate collecting the outstanding amounts of \$2.5m in November 2018.

Based on the current delivery schedule, the JOLs expect that the remaining two deliveries with a sales value of \$0.9m will be made to Occidental in October / November 2018. Invoices will be issued subsequently, with cash expected to be collected in December 2018 / January 2019.

4.4 Drill pipe rental assets and production tubing / casing stocks

As at 28 August 2018, the Company held drill pipe rental assets and production tubing / casing stocks with a net book value of \$11.6m and \$0.7m respectively.

The Company's drill pipe rental assets were transferred to it from the Petrostem Group in FY17. As these assets were of a similar nature to the rental assets of the Petrostem Group, the JOLs determined it was appropriate to market these rental assets for sale with Petrostem's rental assets.

With assistance from ANM Group Limited (a firm of specialist plant and equipment disposal agents with experience of dealing with assets located in the Middle East) and Dean Foster (a director of Petrostem Group, with detailed knowledge of the rental assets), the JVLs launched a sale process in respect of these rental assets and those of the Petrostem Group on 7 September 2018. On that date, a list of these assets, separated into eight individual asset packages, was issued to 41 interested parties across a range of market interests, with a deadline for offers of 11 September 2018.

The short closing date for offers was set for specific reasons, including to minimise the transition period for rental assets to new suppliers.

On the closing date, offers from 11 interested parties were received, each of whom submitted offers over one or more of the eight asset packages. No offers were received from parties connected with the PPG Group or the Petrostem Group. The JVLs accepted (subject to conditions) offers from five separate interested parties across the eight asset packages. Unfortunately one offer has subsequently been withdrawn. Each of these offers were submitted subject to inspection of the rental assets and / or certification. Accordingly, there remains completion risk associated with these offers. However, if completed at current levels, these offers would generate net sale proceeds of c. \$2.0m for the Company. The JOLs anticipate completion of each of the remaining four sales taking place during October 2018.

The withdrawn offer noted above also relates to rental assets of the Company. The JOLs are currently considering their options in respect of these rental assets, but anticipate separating these assets into smaller packages and seeking a further sale once the other rental asset sales have completed.

The Company also holds stock of production tubing and casing with a net book value of \$0.7m. The JOLs are currently preparing these stock items for sale, and anticipate launching a sales process in respect thereof in late October 2018.

4.5 Intragroup and intergroup balances

As at 31 May 2018, the Company was due \$24.1m by other entities within the PPG Group and \$40.4m by Petrostem Group. With the exception of \$0.7m due by PPS, each of the entities with an outstanding debt due to the Company is now subject to insolvency proceedings. Each of these receivable balances will, therefore, represent a claim by the Company in the insolvency of the respective entities. The recovery from these balances will, therefore, depend on the outcome of each individual insolvency process.

Clearly, the intragroup and intergroup receivables at the Date of Appointment may be different to the balances at 31 May 2018. On receipt and review of the directors' Statement of Affairs the JOLs will update the assessment of these balances and provide further detail to creditors.

4.6 Related party transactions

The JOLs are aware that the PPG Group entered into a number of transactions with related parties prior to the insolvency of the Company. The JOLs are currently preparing a summary of these transactions before considering what further assessment is appropriate.

The JOLs anticipate discussing the output of the above in due course with any non-conflicted members of the LC (assuming one is formed).

5. Creditors

The JOLs detail below the current position with regard to creditors' claims. The figures have been compiled by the Company's management and have not been subject to independent review or audit.

5.1 Secured creditors

The principal lender to the PPG Group is BoS. 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 balance is comprised of:

- ▶ An overdraft facility (\$10m facility, drawn to \$10.8m);
- ▶ Term loan (\$0.5m);
- ▶ Revolving credit facility (\$15m);
- ▶ Guarantee facility (\$5m, drawn to \$4.3m of which \$2.8m relates to Maxtube Group, which continues to trade as a going concern); and
- ▶ Credit card facilities exposure of \$0.1m.

The Company has granted a debenture to BoS in respect of the lending of the above noted lending. This debenture effectively covers UK located assets. As the Company predominantly trades in countries outside the UK, in effect, this debenture does not provide BoS with security over the key assets of the Company.

It remains too early to estimate the likely recovery to BoS in respect of the amounts due to it by the PPG Group.

5.2 Priority creditors

The JOLs understand that 5 employees were paid by the Company. Of these employees, 3 are located in Dubai, 1 is based in Singapore and 1 in the USA. Each of these employees have contracts of employment and visas with other entities in the PPG Group. Given the above contractual situation, none of these employees have any priority claims for employees' salaries and holiday pay against the Company.

Of these employees, the JOLs have retained 2 to support the liquidation of the Company.

5.3 Unsecured creditors

The records of the Company indicate that claims of unsecured creditors (excluding BoS) aggregate c. \$50m.

At the date of this report, the JOLs have received proofs of debt from creditors totalling \$40.0m which have only been admitted for voting purposes at the forthcoming meeting of creditors. The JOLs will formally adjudicate on creditor claims in the event that sufficient assets are realised to enable a distribution to occur.

Creditor claims may be higher once the JOLs receive further proofs of debt.

Based on the quantum of creditor claims against the Company and the estimated amount of realisable assets, the JOLs do not expect a material distribution for creditors of the Company.

5.4 Creditor claims

Please note that debts incurred by the Company prior to 28 August 2018 will rank as unsecured claims against the Company. If you have a claim against the Company, please complete and return the enclosed proof of debt form at **Appendix B** together with supporting documentation (e.g. invoices, statements and agreements) to ppcgroup@uk.ey.com.

Certain debts due from the Company may have priority pursuant to the Law. If you consider that you have a claim in this category, please advise the JOLs 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 the JOLs as soon as possible.

Any sums due to the Company arising after 28 August 2018 must be paid in full and without set-off against any debts incurred by the Company prior to the Date of Appointment.

6. Fees and disbursements

6.1 Fees and disbursements - Voluntary Liquidation period

JVLs' fees

The JVLs' hourly rates and hours incurred for the period 28 August 2018 to 2 October 2018 is summarised below:

Staff Description	Hours	Rate (US\$)	Total (\$)
Joint Voluntary Liquidator	18.2	855.00	15,561.00
Executive Director / Director	65.6	700.00	45,920.00
Senior Manager	80.6	590.00	47,554.00
Manager	39.6	490.00	19,404.00
Senior / Assistant Manager	128.7	450.00	57,915.00
Senior	158.8	355.00	56,374.00
Analyst	25.4	210.00	5,334.00
Total	516.9		248,062.00

JVLs' disbursements

Description	Total (\$)
Accommodation	1,980.77
Airfare	7,382.98
Meals	553.49
Printing	10.09
Travel	495.98
Total	10,423.30

No fees or disbursements have been drawn by the JVLs at this time. It would ordinarily be for the voting shareholder of the Company to consider and approve such fees and disbursements. However, as stated at Section 2.2 of this report, the voting shareholder, PPG, was placed into liquidation on 28 August 2018 and Colin Peter Dempster, Stuart Arthur Gardner and Gavin David Yuill of Ernst & Young LLP, were appointed Joint Liquidators for the purposes of the winding up. It is therefore inappropriate for the Joint Liquidators of PPG to opine on fees being charged by the JVLs in respect of the Voluntary Liquidation of the Company. Further, there is no formal liquidation committee which might otherwise ultimately consider and approve such fees and expenses.

Therefore, in the interests of avoiding any actual or perceived conflict (arising out of the commonality of control exercised by the JOLs and the Joint Liquidators of PPG), they consider it proper that the Court consider, and if thought appropriate, approve the fees and disbursements of the JVLs.

The JOLs will therefore make an application to Court under Regulation 13 of the IPR to seek the Court's approval of the JVLs' fees.

6.2 Fees and disbursements - Official Liquidation period

JOLs' fees

The JOLs' hourly rates and hours incurred for the period 3 October 2018 to 19 October 2018 is summarised below:

Staff Description	Hours	Rate (US\$)	Total (\$)
Joint Official Liquidator	12.0	855.00	10,260.00
Executive Director / Director	10.8	700.00	7,560.00
Senior Manager	62.5	590.00	36,875.00
Manager	64.0	490.00	31,360.00
Senior / Assistant Manager	7.3	450.00	3,285.00
Senior	77.9	355.00	27,654.50
Analyst	12.4	210.00	2,604.00
Total	246.9		119,598.50

JOLs' disbursements

Description	Total (\$)
Accommodation	335.84
Advertisement	600.00
Meals	37.38
Postage	514.83
Travel	76.44
Total	1,564.49

No fees or disbursements have been drawn by the JOLs at this time. If a LC is formed, the JOLs will be seeking approval from the LC in respect of the JOLs' fees and disbursements incurred during the liquidation, with up to 80% of the JOLs' fees to be drawn on account at four weekly arrears at the JOLs' hourly rates detailed above in accordance with Regulation 10, 11 and 12 of the IPR.

Following approval from the LC, the JOLs must also make an application to the Court under Regulation 13 of the IPR to seek the Court's approval of the JOLs' fees.

7. Other matters

7.1 Future conduct of the liquidation

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

- Collecting the trade debtor balances and intragroup / intergroup receivables due to the Company;
- Winding down the business operations of the Company subject to completing outstanding orders;
- Market for sale of the Company's stock of production tubing and casing, drilling pipes and related tools;
- Dealing with creditor enquiries;
- Carrying out investigative procedures, including investigating the conduct of the directors leading up to the Date of Appointment;
- Distributing realisations to the secured creditors of the Company;
- If applicable, adjudicating unsecured creditor claims and making distributions to unsecured creditors;
- Ensuring all statutory reporting and compliance obligations are met; and
- Finalising the liquidation, including payment of all liquidation liabilities.

A summary of the JVLs' and JOLs' receipts and payments is enclosed at **Appendix D and E** respectively.

7.2 Conclusion

In due course, the JOLs will provide further updates to creditors as well as to any duly formed LC on the progress of the matters outlined in this report and any other matters arising during the course of the liquidation.

The report will be made available on the following website:

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

Should you wish to discuss any aspect of this report, please contact Michael Lam on +1 (345) 814 8217 or at michael.lam@ky.ey.com.

Yours faithfully

For and on behalf of PPC Limited (In Official Liquidation)



Keiran Hutchison
Joint Official Liquidator

Other matters

Enc.

The business, affairs and property of the Company are being managed by the Joint Official Liquidators who act as agents of the Company only and without personal liability. Keiran Hutchison, Colin Peter Dempster and Gavin David Yuill are authorized to act as Insolvency Practitioners in accordance with Rule 4 of the IPR in the Cayman Islands. The Institute of Chartered Accountants of Scotland authorizes Colin Peter Dempster and Gavin David Yuill to act as Insolvency Practitioners under section 390 (2) of the Insolvency Act 1986.

Appendix A Order 9 of the CWR – Liquidation Committees

ORDER 9

LIQUIDATION COMMITTEES

Establishment of Liquidation Committee (O. 9, r. 1)

1. (1) Unless the Court otherwise directs, a liquidation committee shall be established in respect of every company which is being wound up by the Court.
- (2) The provisions of this Order shall also apply to a liquidation committee required to be established pursuant to an order made under Order 4, rule 7(3)(f).
- (3) The liquidation committee shall comprise not less than three nor more than five creditors (if the official liquidator has determined that the company should be regarded as insolvent) or contributories (if the official liquidator has determined that the company should be regarded as solvent).
- (4) The liquidation committee of an insolvent company shall be elected at the first meeting of creditors convened in accordance with Order 8, rule 2.
- (5) The liquidation committee of a solvent company shall be elected at the first meeting of the contributories convened in accordance with Order 8, rule 2.
- (6) In the case of a company determined by its official liquidator to be of doubtful solvency, the liquidation committee shall comprise not less three nor more than six members, of whom a majority shall be creditors elected at a meeting of creditors and at least one of whom shall be a contributory elected at a meeting of contributories.
- (7) After the liquidation committee has been established, the official liquidator may, with the consent of a majority of the remaining members of the committee, appoint a creditor or contributory (as the case may be) to fill any vacancy.
- (8) The liquidation committee does not come into being, and accordingly cannot act, until the official liquidator has issued a certificate in CWR Form No 15 of its due constitution, which shall state the name, address and contact details of each member.
- (9) The official liquidator's certificate shall be filed in Court.

Membership of Liquidation Committee (O. 9, r. 2)

2. (1) A liquidation committee cannot be established unless and until it has the minimum number of members required by Rule 1.
- (2) Any creditor of the company (other than one whose debt is fully secured) is eligible to be a member of a liquidation committee, so long as –

- (a) he has lodged a proof of his debt; and
 - (b) his proof has neither been wholly disallowed for voting purposes nor wholly rejected for purposes of distribution or dividend.
- (3) If some or all of the shares of a company are registered in the name of a custodian or clearing house, a beneficial owner of the shares may be elected as a member of the liquidation committee provided that the custodian or clearing house certifies in writing that it is holding the shares (the number of which must be specified) as custodian or nominee on behalf of such person.
- (4) A corporate member of the liquidation committee must be represented by an individual who is duly authorised in writing by a letter sent to the official liquidator at least 2 days before any meeting in which he intends to participate unless the official liquidator agrees to dispense with notice.
- (5) No person shall on the same committee –
- (a) be a member as both a creditor and a contributory;
 - (b) act at one and the same time as representative of more than one committee-member; or
 - (c) act both as member of the committee and representative of another committee-member.
- (6) If an individual member of the liquidation committee becomes bankrupt, his trustee in bankruptcy shall be recognised as a member of the committee in his place.
- (7) If a corporate member of the liquidation committee is put into liquidation under this Law or made the subject of a bankruptcy or reorganisation proceeding under the law of a foreign country, it shall continue to be a member of the committee if and so long as its official liquidator, trustee, receiver or administrator or other appointee consents to act as its representative.

Reconstitution of the Liquidation Committee (O. 9, r. 3)

3. (1) If, during the course of the liquidation, the official liquidator changes his certification of the company's solvency or insolvency (as the case may be), he shall take the following steps to reconstitute the liquidation committee.
- (2) If the company is certified to be solvent, any creditor members of its liquidation committee shall automatically cease to be members and the official liquidator shall convene a meeting of contributories for the purpose of electing new members from amongst the company's contributories.

- (3) If the company is certified to be insolvent, any contributory members of its liquidation committee shall automatically cease to be members and the official liquidator shall convene a meeting of creditors for the purpose of electing new members from amongst the company's creditors.
- (4) Nothing in this rule shall prevent the official liquidator from convening a meeting in anticipation of changing his certification of the company's solvency or insolvency (as the case may be).

Official Liquidator's Duty to Report (O. 9, r. 4)

4. (1) It is the duty of the official liquidator to report to the members of the liquidation committee all such matters as appear to him to be, or as the members have indicated to him as being of concern to them with respect to the winding up.
- (2) The official liquidator need not comply with a request for information where it appears to him that –
 - (a) the request is frivolous or unreasonable;
 - (b) the cost of complying would be excessive, having regard to the relative importance of the information; or
 - (c) there are not sufficient assets to enable him to comply.
- (3) The official liquidator shall communicate information to members of the liquidation committee in whatever way may be agreed between them, including –
 - (a) orally by telephone;
 - (b) in writing, transmitted by facsimile or e-mail; or
 - (c) by accessing a website.
- (4) The official liquidator shall provide each member of the liquidation committee with a written report and accounts and convene a first meeting within 3 months of the committee's establishment and thereafter he shall convene a meeting –
 - (a) on such dates or at such intervals as may be resolved by the committee; or
 - (b) if so requested in writing by any two members of the committee; and
 - (c) in any event, not less than once every six months.
- (5) A "meeting" of the liquidation committee may take the form of –
 - (a) a physical meeting at the official liquidator's office or such other place as may be resolved upon by the committee, in which case the official liquidator must

- give at least 10 business days' notice of the meeting and any member who cannot attend in person must be allowed to participate by telephone; or
- (b) a telephone conference call, in which case the official liquidator must give at least 5 business days' notice of meeting.
- (6) A liquidation committee may, by unanimous consent, agree to hold a meeting on short notice.

Proceedings of Liquidation Committee (O. 9, r. 5)

5. (1) The official liquidator shall attend every meeting of the liquidation committee, either in person or by a duly authorised representative who must be a partner or employee of the official liquidator's firm having experience in insolvency matters.
- (2) The quorum for a meeting of the liquidation committee shall be the official liquidator (or his representative) and at least two members.
- (3) The chairman of the meeting shall be the official liquidator (or his representative) unless the members resolve that one of their number should act as chairman.
- (4) The chairman at any meeting may call upon a person claiming to act as a committee-member's representative to produce his letter of authority and may exclude him if it appears that his authority is defective.
- (5) The official liquidator shall prepare an agenda for each meeting including –
- (a) all the matters which the official liquidator intends to put before the meeting;
 - (b) any matter which a committee-member intends to put before the meeting; and
 - (c) any resolutions which the official liquidator or any committee member intends to put to a vote.
- (6) The official liquidator shall be responsible for taking the minutes of the meeting, a draft of which shall be prepared and circulated to all the members within 14 days after the meeting.
- (7) Each committee member shall have one vote and a resolution is passed when a majority of members present or represented (either in person or by telephone) have voted in favour of it.
- (8) If the liquidation committee comprises both creditors and contributories, a resolution is passed only when a majority of the creditor members and a majority of contributory members present or represented (either in person or by telephone) have voted in favour of it.

- (9) Whenever the official liquidator considers that it would be impractical or unnecessary to convene a meeting of the liquidation committee for the purpose of considering any resolution, he may send a copy of it to each member, inviting them to deal with it as a written resolution, and it shall be treated as passed if every member of the committee signs it within such period or by such deadline as may be specified by the official liquidator.
- (10) The official liquidator (or his representative) may, among other grounds, where a meeting of the liquidation committee is not quorate, decide that a meeting of the liquidation committee should be adjourned. In such circumstances, the adjourned meeting will be reconvened at a time and date set by the official liquidator (or his representative).

Counsel to the Liquidation Committee (O. 9, r. 6)

6. (1) The liquidation committee may resolve to appoint an attorney to give legal advice to the committee, either generally or in respect of any specific matter arising in connection with the liquidation.
- (2) The attorney appointed in accordance with this Rule is referred to as "counsel to the liquidation committee".
- (3) The legal fees and expenses reasonably and properly incurred by the liquidation committee shall be paid out of the assets of the company as an expense of the liquidation.
- (4) If the official liquidator or any committee member considers that the amount of the fees and expenses charged by counsel to the liquidation committee is excessive, he may require that such fees and expenses be taxed on the indemnity basis in accordance with Order 25.
- (5) Conversely, if counsel to the liquidation committee considers that the amount which the official liquidator offers to pay is inadequate, he may require that his bill of costs be taxed on the indemnity basis in accordance with Order 25.
- (6) Counsel to the liquidation committee shall be entitled to be paid out of the assets of the company as an expense of the liquidation the amount(s) stated in the costs certificate and the official liquidator shall have no authority to pay more than that amount.

Travel and Other Expenses of Committee Members (O. 9, r. 7)

7. (1) Travelling expenses and/or telephone charges reasonably and properly incurred by committee members or their representatives in attending meetings of the liquidation committee shall be reimbursed by the official liquidator out of the assets of the company.
- (2) No other expenses incurred by any committee member in connection with the liquidation shall be reimbursed unless such expense was incurred –
 - (a) pursuant to a resolution of the liquidation committee; and
 - (b) with the prior approval of the liquidator.

Resignation and Removal of Committee Members (O. 9, r. 8)

8. (1) A committee member may resign by notice in writing delivered to the official liquidator.
- (2) A creditor's membership of the liquidation committee is automatically terminated if he ceases to be a creditor by reason of the fact that –
 - (a) his proof of debt has been wholly rejected; or
 - (b) his claim has been paid in full.
- (3) A contributory's membership of the liquidation committee is automatically terminated if –
 - (a) he ceases to be a registered member of the company; or
 - (b) the custodian or clearing house withdraws the certificate issued pursuant to Rule 1(2).
- (4) Any person's membership of the liquidation committee is automatically terminated if he (or his representative) fails to attend three successive committee meetings either in person or by telephone.
- (5) Any member of the liquidation committee may be removed by a resolution passed at a meeting of which the member in question has been given at least 14 day's prior notice (referred to in this Rule as a "removal resolution").
- (6) A removal resolution may be proposed by the official liquidator or any committee member.

- (7) It shall not be necessary to give any reasons for proposing a removal resolution, nor shall the liquidation committee or the official liquidator be required to give the former member any reasons for passing a removal resolution.

Applications to the Court (O. 9, r. 9)

9. (1) Any application required to be made to the Court under this Order may be made in writing by a letter addressed to the assigned Judge.
- (2) A letter to the assigned Judge shall be supported by an affidavit.

Appendix B Proof of Debt

COMPANIES LAW (2018 REVISION)

PROOF OF DEBT

PPC Limited (In Official Liquidation)

1	Creditor's Name	
2	Creditor's Address and relevant contact details	
3	Amount of claim	
	Principal	
	Interest (if any)	
	Total	
4	Summarise the basis upon which the claim arises	
5	List of supporting documentation (copies of which must be attached)	
6	Summarise basis for interest claim	
7	Interest calculation	
8	Particulars of any security held including a list of the relevant documentation	

Proof of Debt

9	Value of the security and date of valuation	

Dated:

[Signature of Creditor]

[State the name of the person signing the proof of debt, the capacity in which he is authorised to sign on behalf of the creditor and his contact details.]

Appendix C Proxy Form

The Companies Law (2018 Revision)
PROXY FORM

Notes to help completion
of this form

PPC LIMITED (IN OFFICIAL LIQUIDATION)

Please give full name and
address for
communication.

NAME OF CREDITOR _____

ADDRESS _____

Please insert name of
person (who must be 18
or over) or the "Chairman
of the Meeting" (see note
below). If you wish to
provide for alternative
proxy-holders in the
circumstances that your
first choice is unable to
attend please state the
name(s) of the
alternative(s).

NAME OF PROXY FOR CREDITOR

1. _____

2. _____

3. _____

Please delete words in
brackets if the proxy-
holder is only to vote as
directed i.e. if he/she has
no discretion.

I appoint the above person to be the creditor's proxy-holder at the meeting of creditors to be held at 7:00 am Cayman Islands time on 1 November 2018 or at any adjournment of that meeting. The proxy-holder is to propose or vote as below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

**This form must
be signed**

SIGNATURE _____

DATE _____

NAME IN CAPITAL LETTERS

Only to be completed if
the creditor has not
signed in person.

POSITION WITH CREDITOR OR RELATIONSHIP TO CREDITOR OR OTHER
AUTHORITY FOR SIGNATURE

PLEASE NOTE THAT IF YOU NOMINATE THE CHAIRMAN OF THE MEETING TO
BE YOUR PROXY-HOLDER HE/SHE WILL BE ONE OF THE JOINT OFFICIAL
LIQUIDATORS OR A MEMBER OF THE JOINT OFFICIAL LIQUIDATORS' STAFF

Appendix D Receipts and Payments – Voluntary Liquidation Period

PPC Limited (In Voluntary Liquidation)		
JVLs' receipts and payments for the period from 28 August 2018 to 2 October 2018		
	US\$	
Receipts		
Assignment of Occidental Customer Contract	200,000.00	
Pre-appointment Debtors	3,653,792.77	
	3,853,792.77	
Payments		
Bank Charges	162.09	
Consultant's Fees & Expenses	1,625.00	
Pipe Coating	114,457.00	
Pipe Handling, Packing & Shipment Charges	43,753.93	
Repairs	14,000.00	
Sundry Expenses	500.00	
Wages & Salaries	53,115.30	
	227,613.32	
Cash at Bank	3,626,179.45	
Represented by:		
Bank balances as at 2 October 2018		
Royal Bank of Scotland	3,330,583.62	
Inter-company - Petroleum Pipe Company Limited (In Administration)	193,029.55	
Inter-company - Pipeline Supplies Bahrain Limited (In Liquidation)	102,566.28	
	3,626,179.45	
1. Receipts and payments are stated net of VAT or other applicable goods and services taxes.		
2. These accounts do not reflect estimated future realisations or associated costs.		
3. The following exchange rates have been applied to the above: GBE:US\$, 1.3; and US\$:AED, 3.673		

Appendix E Receipts and Payments – Official Liquidation Period

PPC Limited (In Official Liquidation)	
JOLs' receipts and payments for the period from 3 October 2018 to 19 October 2018	
	US\$
Receipts	
Balance forward from Voluntary Liquidation period	3,853,792.77
Post-appointment Sales	956,832.02
Pre-appointment Debtors	664,320.07
	5,474,944.86
Payments	
Balance forward from Voluntary Liquidation period	227,613.32
Bank Charges	42.97
Consultant's Fees & Expenses	4,177.97
Employee Healthcare	4,948.24
Exchange Rate Difference on F/X Payments	1,208.55
Inspection Fees	450.00
Material Purchases	8,119.44
Pipe Coating	366,531.74
Wages & Salaries	39,274.11
	652,366.34
Cash at Bank	4,822,578.52
Represented by:	
Bank balances as at 19 October 2018	
Royal Bank of Scotland	2,574,974.58
Bank of Scotland	1,621,152.09
Inter-company - Petroleum Pipe Company Limited (In Administration)	193,029.55
Inter-company - Pipeline Supplies Bahrain Limited (In Liquidation)	433,422.30
	4,822,578.52
1. Receipts and payments are stated net of VAT or other applicable goods and services taxes.	
2. These accounts do not reflect estimated future realisations or associated costs.	
3. The following exchange rates have been applied to the above: GBE:US\$, 1.3; and US\$:AED, 3.673	