

Petrostem Group Limited
Petrostem Rentals Limited
Petrostem International Limited
all in Liquidation (together “the Companies”)
Six Monthly Progress Report

27 February 2023

Ernst & Young LLP



Building a better
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Abbreviations

The following abbreviations are used in this report:

| | |
|--------------------------|--|
| BoS | Bank of Scotland plc |
| Court | The Royal Court of Jersey |
| Creditors' Report | Creditors' Meeting Report dated 3 October 2018 |
| date of appointment | 28 August 2018 |
| EY | Ernst & Young LLP |
| Joint Liquidators | CP Dempster, GD Yuill and SA Gardner |
| Maxtube Group | Maxtube Holdings Limited and its subsidiary undertakings |
| MRS Group | Machine Rebuilding & Sales Limited and its subsidiary undertakings |
| PAL | Petrostem Assets Limited |
| PGL | Petrostem Group Limited – in Liquidation |
| PIL | Petrostem International Limited – in Liquidation |
| Pioneer Group | Pioneer Group Ventures Limited and its subsidiary undertakings |
| PQL | Petrostem Qatar Limited |
| PRL | Petrostem Rentals Limited – in Liquidation |
| PUK | Petrostem (UK) Limited – In administration |
| the Banking Group | together, the PPG Group, the Petrostem Group and the Maxtube Group |
| the Companies | Petrostem Group Limited – in Liquidation Petrostem Rentals Limited – in Liquidation Petrostem International Limited – in Liquidation |
| the Innospection Group | Innospection Group Limited and its subsidiary undertakings |
| the Law | Companies (Jersey) Law 1991 |
| the Major Creditors | Salzgitter Mannesmann International (USA) Inc. Salzgitter Mannesmann International GmbH Longulf Trading (UK) Limited Traxys North America LLC |
| the Petroleum Pipe Group | Petroleum Pipe Group Limited (In Liquidation) and its subsidiary undertakings |
| the Petrostem Group | The Petrostem Group of Companies, a structure chart for which is provided at Appendix B |

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1. Introduction

1.1 Introduction

On 28 August 2018, the Royal Court of Jersey ('the Court') ordered that, pursuant to Article 155 of the Companies (Jersey) Law 1991 ('the Law'), Petrostem Group Limited ('PGL'), Petrostem International Limited ('PIL') and Petrostem Rentals Limited ('PRL') (together, 'the Companies') be placed into Just and Equitable Winding Up and that CP Dempster, SA Gardner and GD Yuill be appointed Joint Liquidators for the purposes of such winding up.

I write, in accordance with paragraph 11 of the Act of the Court under which the Joint Liquidators were appointed, to provide creditors with a report on the progress of the Liquidations. This report covers the period from 28 August 2022 to 27 February 2023 and should be read in conjunction with the Creditors' Meeting Report dated 3 October 2018 and our previous progress reports covering each six month period from 28 August 2018 to 27 August 2022.

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

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

1.2 Creditors' Meeting and Liquidation Committee

As previously reported, a meeting of creditors was held on 4 October 2018 and no liquidation committee was elected for PGL, PIL or PRL. However, a Creditors' Steering Committee was elected in respect of the liquidations of the Companies and also of two related companies in the PPG Group.

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

2. Conduct of the liquidations since 28 August 2022

2.1 Purpose of the liquidation

As detailed in the Creditors' Report, the Joint Liquidators strategy in respect of the insolvency of the Petrostem Group, including PGL, PRL and PIL, is to:

- ▶ Cease to trade the business of each of the entities to which the Joint Liquidators have been appointed (subject to the point noted below in relation to trade debtors);
- ▶ Collect in the trade debtor balances due to the Companies. In order to protect the collection of these trade debtor balances, the Joint Liquidators determined that it was appropriate to allow existing customers to continue to use existing equipment on hire whilst a managed handover of their rental contracts to a new supplier over an agreed period is arranged. No new rentals will, however, be commenced.
- ▶ Market for sale the individual assets, primarily the Petrostem Group's rental assets (drilling pipe).

2.2 Asset realisations

2.2.1 PGL

Intragroup receivable balances

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

Intergroup receivable balances

Pioneer Group

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

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

Innospection Group

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

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

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

2.2.2 PIL and PRL

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

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

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

2.3 Investigations

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

3. Outcome for creditors

We provide below, for information, an indication of the current position with regard to creditors' claims.

3.1 Secured creditors

The principal lender to the Companies is Bank of Scotland plc (BoS). BoS had submitted formal claims against both PGL and PIL of \$28.0m. This debt comprised amounts directly owed by the Petrostem Group to BoS and amounts due to BoS by the Petrostem Group under cross-guarantees granted in favour of BoS in relation to lending to certain companies within the PPG and Maxtube Groups.

Whilst both PGL and PIL granted in favour of BoS an English law debenture, the claims submitted by BoS do not make any reference to the securities granted by either company and BoS has confirmed that it is not making any secured claim thereunder. Accordingly, BoS's claim in the liquidations of PGL and PIL will, therefore, be an unsecured non-priority claim.

As previously reported, we have adjudicated BoS's unsecured non-priority claim at \$26.1m against each of PGL and PIL.

BoS holds no security in relation to PRL and has not submitted a claim against this company.

3.2 Priority creditors

Neither PGL nor PRL employed any employees. Accordingly, the balance due to priority creditors for both PGL and PRL is \$Nil in respect of claims for employees' salaries and holiday pay. We are also currently not aware of any other priority creditors under the Law.

Whilst PIL paid 35 employees, their contracts of employment were held with and VISAs were issued by various entities, including some entities out with the Petrostem Group.

Priority claims in respect of unpaid holiday pay for four employees totalling \$4k have been paid in full. The receipts and payments account for PIL at Appendix D shows a payment in respect of these claims of \$3k. The balance has been paid to an employee by their new employer in Iraq and PIL is due to reimburse that company in due course.

We are currently not aware of any other priority creditors under the Law.

3.3 Unsecured non-priority creditors

On 9 December 2019, we wrote again to all known creditors of the Companies and advised them that any claims in the insolvency of the Companies required to be notified to the Joint Liquidators by 24 January 2020.

We have now adjudicated on all but three claims (including BoS). We now, therefore, anticipate that the total level of unsecured non-preferential creditors in PGL, PIL and PRL will be \$96.1m, \$40.4m and \$69.4m, respectively.

Based on the information available to us, creditors of PGL may recover c. 1.0% of the amounts due to them from its insolvency process. An interim distribution of \$800k (0.8%) was paid to unsecured non-priority creditors in February 2020.

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

Based on the information available to us, creditors of PRL may recover c. 2.9% of the amounts due to them from its insolvency process. An interim distribution of \$1.8m (2.6%) was paid to unsecured non-priority creditors in February 2020.

Further dividends will be paid when further asset realisations have been made and the various costs of the liquidations have been finalised.

3.4 Creditor claims

If you have not yet submitted a formal claim in the liquidations and you wish to participate in any future distributions, please complete and return a proof of debt form along with any supporting documentation (invoices, statements, contracts, etc.) to Alastair Casey at this office or by email to petrostemgroup@uk.ey.com. The proof of debt form can be downloaded from the following web site:

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

Certain debts due from the Companies may have priority in accordance with Article 166 of the Law. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in either Companies' possession, please forward details to me as soon as possible.

Any sums due to either company arising after our appointment must be paid in full and without set-off against any debts incurred by the relevant company prior to our appointment.

4. Liquidators' receipts and payments

A summary of the Liquidators' receipts and payments for the period from 28 August 2022 to 27 February 2023 is attached at Appendix C for PGL, Appendix D for PIL, and Appendix E for PRL.

5. Costs of the liquidation, the Joint Liquidators' remuneration, disbursements and payments to other professionals

5.1 Cost of the liquidation

In accordance with Article 165 of the Law, all costs, charges and expenses properly incurred in a winding up, including the remuneration of the liquidator, are payable out of the Companies' assets in priority to all other claims.

5.2 Remuneration and disbursements

By order of the Act of Court, the Joint Liquidators are permitted to charge their remuneration and any reasonable costs, charges and expenses of the Liquidation in accordance with Article 165 of the Law.

The above, in accordance with Article 163 of the Law, is subject to agreement between the Joint Liquidators and the Liquidation Committee or, if there is no Liquidation Committee, between the Joint Liquidators and the creditors or, failing such an agreement, as is fixed by the Court.

As no liquidation committee was formed, the Joint Liquidators wrote to the general body of creditors on 11 October 2018 seeking approval for:

- ▶ Their remuneration to be fixed on the basis of time properly given at the hourly rates set out below;
- ▶ Approval to draw their disbursements;
- ▶ For the Joint Liquidators to draw, as an interim claim, their remuneration for the period from the date of their appointment to Friday 21 September 2018; and
- ▶ That the Joint Liquidators may draw their remuneration four weekly in arrears subject to the provision in advance of a statement of such costs.

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

| Grade | Hourly rate (\$) | Equivalent hourly rate (£) |
|-------------------------------|------------------|----------------------------|
| Partner | 855 | 658 |
| Executive Director / Director | 700 | 538 |
| Senior Manager | 590 | 454 |
| Manager | 490 | 377 |
| Senior (Level 3) | 450 | 346 |
| Senior (Level 1 / 2) | 355 | 273 |
| Analyst | 210 | 162 |
| Intern | 185 | 142 |

Note: Equivalent hourly rate is based on exchange rate of £1 / \$1.30

To 27 February 2023, the Joint Liquidators have incurred time costs (based on the above hourly rates) of \$1,041,084, \$878,475 and \$843,152 in relation to PGL, PIL and PRL respectively. Attached at Appendices F, G and H are detailed analyses of these time costs.

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

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

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

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

The time has principally been spent in relation to the following activities:

- ▶ Fulfilling the statutory obligations required of the Joint Liquidators including preparation of this and the previous progress reports, preparation of the Creditors' Meeting Report, and notifying the Joint Liquidators' appointment to all known creditors;
- ▶ Investigating the conduct of the Directors' and the circumstances leading up to our appointment as Joint Liquidators;
- ▶ Liaising with employees of the Companies, instructing payment to them of their employment costs and addressing queries received from them;
- ▶ Liaising with customers of the Companies and facilitating a handover of existing rentals to a new supplier, addressing ongoing requirements in relation to ongoing rentals and collecting amounts due to the Companies from these customers;
- ▶ Liaising with landlords of yards at which the Companies' rental assets are held and of offices occupied by the Companies;
- ▶ Closing PIL's JAFZA-registered branch and obtaining the necessary clearances from authorities;
- ▶ Marketing for sale the rental assets of the Companies, including preparing, in conjunction with our appointed agents, an appropriate sales and marketing strategy, appropriate asset lists and marketing documents, and reviewing offers received from interested parties;
- ▶ Finalising the novation of the RASGAS contract and Petrostem trade name to PQL and monitoring trading to recover the agreed profit share;

- ▶ Realising of the intragroup and intergroup debts due to the Companies by PSA, PSM, Pioneer Group and Innospection Group;
- ▶ Creditor adjudication and addressing correspondence and queries received from creditors; and
- ▶ Calculating and making interim distributions to ordinary non-priority creditors of PGL and PRL.

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

To 27 February 2023, the Joint Liquidators have incurred Category 1 disbursements of \$4,808, \$9,547 and \$10,281 in relation to PGL, PIL and PRL respectively.

To date, \$4,761 has been paid in respect of PGL; \$9,547 has been paid in respect of PIL; and \$10,223 has been paid in respect of PRL.

5.3 Statement of Liquidators' charging policy for remuneration

The Joint Liquidators have engaged managers and other staff to work on the Liquidations. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Companies' bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Liquidators.

All time spent by staff working directly on case-related matters is charged to a time code established for each entity. Time is recorded in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown at Appendices F, G and H. The current hourly rates are shown above.

5.4 Payments to other professionals

By order of the Act of Court the Joint Liquidators are permitted to engage other such professional advisors as the Joint Liquidators may deem appropriate or necessary and providing for their fees and expenses (whether incurred before or after the date on which the Companies were placed into liquidation in accordance with Article 155 of the Law) to be settled in accordance with Article 165 of the Law.

The Joint Liquidators have engaged the services of the following during the course of the liquidations:

| Name of firm | Nature of service | How contracted to be paid |
|--|---|--|
| Pinsent Masons LLP | Legal advisors – UK and UAE | Time costs |
| CMS Cameron McKenna Nabarro Olswang LLP | Legal advisors - UK | Time costs |
| Carey Olsen | Legal advisors – Jersey and Cayman Islands | Time costs |
| ANM Group | Asset safeguarding and realisation strategy | Time costs |
| Dean Foster (former director of the Petrostem Group) | Asset marketing and realisation | Combination of day rate and commission |
| Calash Limited | Energy sector strategy consultants | Time costs |
| Wallbrook Advisory Limited | Diligence | Time costs |
| Wynterhill LLP | Legal advisors – UK | Time costs |
| MGB Law | Legal advisors - Azerbaijan | Time costs |

6. Other matters

6.1 Replacement of liquidator

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

6.2 Future conduct of the liquidations

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

- ▶ Realising the intergroup and intragroup debts due to the Companies;
- ▶ Dealing with corporation tax and VAT matters, which includes filing returns;
- ▶ Dealing with creditor enquiries;
- ▶ Completing our investigations into the conduct of the directors in the lead up to the insolvency of the Companies;
- ▶ Where possible, making distributions to unsecured creditors;
- ▶ Ensuring all statutory reporting and compliance obligations are met; and
- ▶ Finalising the liquidations of the Companies, including payment of all liquidation liabilities.

6.3 The end of the liquidations

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

6.4 Matters to be brought to the attention of the Joint Liquidators

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

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

6.5 Reporting

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

The report will be made available on the following website:

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

Should you wish to discuss any aspect of this report, please contact Alastair Casey on +44 (0) 141 226 9320.

Yours faithfully
for the Companies



Gavin Yuill
Joint Liquidator

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

The Joint Liquidators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Companies may act as a data processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix A Statutory information

Company Information

| | |
|----------------------------|--|
| Company Name: | Petrostem Group Limited – in Liquidation Petrostem Rentals Limited – in Liquidation Petrostem International Limited – in Liquidation |
| Registered Office Address: | c/o Ernst & Young LLP Liberation House Castle Street St Helier Jersey, JE1 1EY |
| Registered Number: | PGL - 102227 PRL - 101632 PIL - 99939 |
| Trading Name(s): | Petrostem |

Details of the Liquidators and of their appointment

| | |
|----------------------|---|
| Liquidators: | CP Dempster, GD Yuill and SA Gardner |
| Date of Appointment: | 28 August 2018 |
| By Whom Appointed: | The appointment was made by an Act of the Royal Court of Jersey |
| Court Reference: | 220 of 2018. |

All powers and obligations granted or imposed upon the Joint Liquidators by Acts of the Royal Court of Jersey, the Law or otherwise may be exercised by the Joint Liquidators on a joint and several basis such that both act together or one may act without the other (and by so doing will bind the other) in the exercise of their said powers and obligations.

Share capital

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

Both Petrostem Rentals Limited (in Liquidation) and Petrostem International Limited (in Liquidation) are wholly owned by Petrostem Group Limited (In Liquidation).

Directors and their shareholdings

Petrostem Group Limited

| Name | Date appointed | Date resigned | Current shareholding |
|----------------------------|------------------|-----------------|----------------------|
| Richard Gordon Morrice | 2 December 2008 | n/a | - |
| Julian Charles Tyacke | 2 December 2008 | n/a | - |
| Samuel Dennis Allan Taylor | 12 June 2013 | n/a | - |
| Dean Foster | 5 September 2017 | n/a | - |
| Peter Duthie | 2 December 2008 | 1 December 2017 | - |

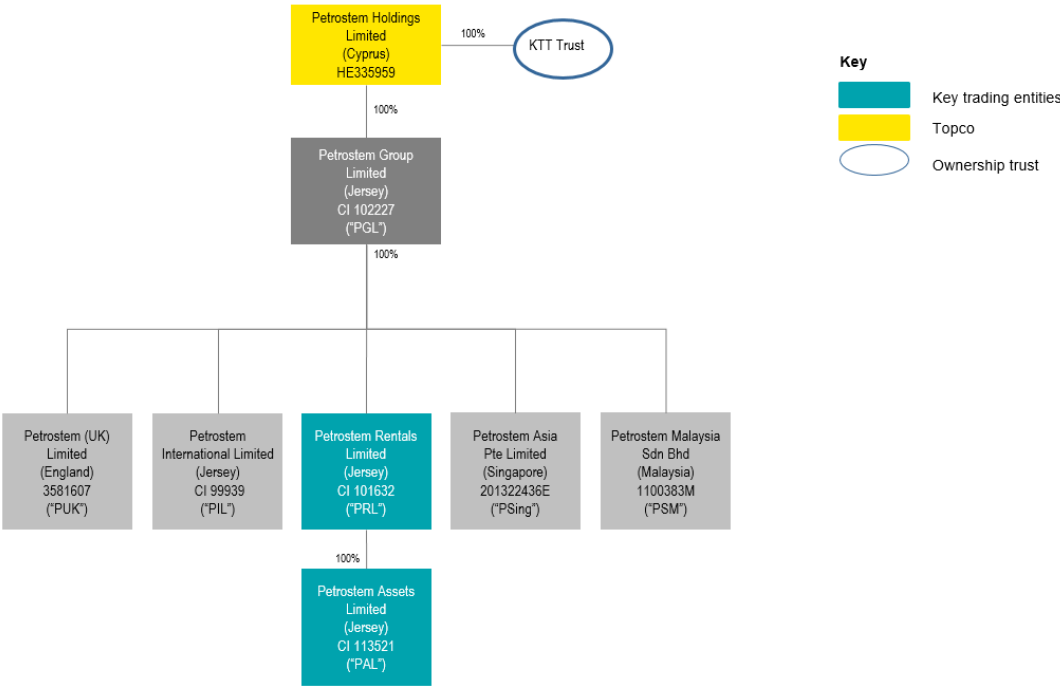
Petrostem Rentals Limited

| Name | Date appointed | Date resigned | Current shareholding |
|------------------------|------------------|-----------------|----------------------|
| Richard Gordon Morrice | 28 August 2008 | n/a | - |
| Julian Charles Tyacke | 28 August 2008 | n/a | - |
| Dean Foster | 5 September 2017 | n/a | - |
| Peter Duthie | 28 August 2008 | 1 December 2017 | - |

Petrostem International Limited

| Name | Date appointed | Date resigned | Current shareholding |
|------------------------|-----------------|-----------------|----------------------|
| Richard Gordon Morrice | 8 February 2008 | n/a | - |
| Julian Charles Tyacke | 8 February 2008 | n/a | - |
| Dean Foster | 1 May 2016 | n/a | - |
| Peter Duthie | 8 February 2008 | 1 December 2017 | - |

Appendix B Group structure



Appendix C Receipts and Payments – PGL

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

Notes

1. Certain payments have been apportioned between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity). Further apportionment may, however, be required once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GBP:US\$, 1.3; and US\$:AED, 3.673.
5. Excluded from the above receipts and payments account is cash received by PGL from the third party which has provided funding to enable certain transactions that took place across both the PPG Group and Petrostem Groups in the periods prior to our appointment to be pursued, and which is discussed at paragraph 2.3 of the report. This funding will be applied to meet the fees of the Joint Liquidators of PGL, PIL, PPG and PPC Cayman and the Joint Administrators of PPC UK and their respective legal advisors incurred in connection with pursuing these potential actions.

Appendix D Receipts and Payments – PIL

| | Period 28 August 2018 to 27 August 2022 | Period 28 August 2022 to 27 February 2023 | Total Period 28 August 2018 to 27 February 2023 |
|--|--|--|--|
| Receipts | | | |
| Cash on appointment | 185,351 | | 185,351 |
| Sale of IT equipment | 7,000 | | 7,000 |
| Motor vehicles | 8,671 | | 8,671 |
| Plant and equipment | 8,341 | | 8,341 |
| Pre-appointment debtor collections | 427,926 | | 427,926 |
| Accrued income | 327,748 | | 327,748 |
| Deposits | 52,920 | | 52,920 |
| VAT refund | 10,579 | | 10,579 |
| HMRC refund | 5,705 | | 5,705 |
| Reimbursement of IT staff costs | 10,484 | | 10,484 |
| Contribution to legal and liquidators' fees | 1,822 | | 1,822 |
| Interaccount transfers | 1,050,568 | | 1,050,568 |
| Trading surplus / (deficit) (see separate account) | 71,234 | | 71,234 |
| Distribution from Petrostem Group | 63,457 | | 63,457 |
| | 2,231,806 | - | 2,231,806 |
| Payments | | | |
| Interaccount transfers | 1,051,909 | | 1,051,909 |
| Sundry payments | 3,413 | | 3,413 |
| Wages and salaries | 102,236 | | 102,236 |
| Employee benefits | 46,765 | | 46,765 |
| Employee expenses | 8,431 | | 8,431 |
| Liquidators' fees | 700,000 | | 700,000 |
| Liquidators' expenses | 9,547 | | 9,547 |
| Agents' fees and expenses | 24,212 | | 24,212 |
| Legal fees | 45,007 | 680 | 45,687 |
| Office and yard rental | 72,728 | | 72,728 |
| Rental of equipment | 3,780 | | 3,780 |
| Office costs | 20,305 | | 20,305 |
| Insurance | 11,551 | | 11,551 |
| Telephone and IT | 19,468 | | 19,468 |
| Public notices | 107 | | 107 |
| Priority creditor dividend | 3,244 | | 3,244 |
| Bank charges and interest | 5,610 | (12) | 5,598 |
| Exchange Rate Loss / (Gain) | 1,232 | | 1,232 |
| | 2,129,545 | 668 | 2,130,213 |
| Net receipts / (payments) for the period | 102,261 | (668) | 101,593 |
| Represented by: | | | |
| Bank balances as at end of each period | | | |
| Royal Bank of Scotland | | | 102,863 |
| Intergroup - PPC UK | | | (2,947) |
| Petty cash | | | 1,678 |
| | | | 101,593 |

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

| | Period 28 August 2018 to 27 August 2022 | Period 28 August 2022 to 27 February 2023 | Total Period 28 August 2018 to 27 February 2023 |
|-----------------------------|--|--|--|
| Trading receipts | | | |
| Post-appt trading income | 167,847 | | 167,847 |
| | 167,847 | - | 167,847 |
| Trading payments | | | |
| Rental of equipment | 71,568 | | 71,568 |
| Trading suppliers | 25,045 | | 25,045 |
| | 96,613 | - | 96,613 |
| Trading surplus / (deficit) | 71,234 | - | 71,234 |

Notes

1. Certain payments have been apportioned between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity). Further apportionment may, however, be required once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GB£:US\$, 1.3; and US\$:AED, 3.673.
5. The difference between interaccount receipts and payments represents (i) bank transfer fees and/or (ii) exchange differences.

Appendix E Receipts and Payments – PRL

| | Period 28 August 2018 to 27 August 2022 | Period 28 August 2022 to 27 February 2023 | Total Period 28 August 2018 to 27 February 2023 |
|--|--|--|--|
| Receipts | | | |
| Cash on appointment | 11,622 | | 11,622 |
| Pre-appointment debtor collections | 1,227,227 | | 1,227,227 |
| Accrued income | 878,032 | | 878,032 |
| Other income | 468 | | 468 |
| Stock and rental equipment | 975,467 | | 975,467 |
| Plant and machinery | 106,413 | | 106,413 |
| RASGAS assignment consideration | 237,590 | | 237,590 |
| VAT refund | 18,567 | | 18,567 |
| PSM/PSA - funding for insurance | 7,541 | | 7,541 |
| Pioneer - funding for insurances and expenses | 23,448 | | 23,448 |
| Contribution to legal and liquidators' fees | 4,490 | | 4,490 |
| Interaccount transfers | 2,054,661 | | 2,054,661 |
| Bank interest received | 177 | | 177 |
| Trading surplus / (deficit) (see separate account) | 147,562 | | 147,562 |
| Distributions from Group Companies | 158,341 | | 158,341 |
| | 5,851,606 | - | 5,851,606 |
| Payments | | | |
| Interaccount transfers | 2,054,944 | | 2,054,944 |
| Wages | 416,525 | | 416,525 |
| Security costs | 2,100 | | 2,100 |
| Office and yard costs | 284,350 | | 284,350 |
| Repairs and maintenance | 10,785 | | 10,785 |
| Sundry expenses | 7,881 | | 7,881 |
| Petrostern Qatar Limited | 427 | | 427 |
| Telephone and IT expenses | 14,388 | | 14,388 |
| Joint Liquidators' fees | 700,000 | | 700,000 |
| Joint Liquidators' disbursements | 10,223 | | 10,223 |
| Agents' fees and expenses | 121,123 | | 121,123 |
| Legal fees and expenses | 31,676 | | 31,676 |
| Insurance | 74,539 | | 74,539 |
| Employee expenses and benefits | 20,478 | | 20,478 |
| Utilities | 8,600 | | 8,600 |
| Public notices | 107 | | 107 |
| Bank charges and interest | 6,043 | | 6,043 |
| Exchange Rate Loss / (Gain) | (5,097) | | (5,097) |
| Distributions to Ordinary Creditors | 1,800,000 | | 1,800,000 |
| | 5,559,092 | - | 5,559,092 |
| Net receipts / (payments) for the period | 292,514 | - | 292,514 |
| Represented by: | | | |
| Bank balances as at end of each period | | | |
| Royal Bank of Scotland | | | 292,514 |
| | | | 292,514 |

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

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

Notes

1. Certain payments have been apportioned between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity). Further apportionment may, however, be required once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GB£:US\$, 1.3; and US\$:AED, 3.673.
5. The difference between interaccount receipts and payments represents (i) bank transfer fees and/or (ii) exchange differences.

Appendix F Time properly given analysis – PGL

Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 February 2023

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

Note: Time is charged in 6 minute intervals

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

Joint Liquidators' charging policy for disbursements

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

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

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

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

It is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn. It is our policy, to seek approval for Category 2 disbursements before they are drawn.

Appendix G Time properly given analysis – PIL

Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 February 2023

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

Note: Time is charged in 6 minute intervals

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

Joint Liquidators' charging policy for disbursements

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

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

- Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
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Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2.

It is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn. It is our policy, to seek approval for Category 2 disbursements before they are drawn.

Appendix H Time properly given analysis – PRL

Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 February 2023

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

Note: Time is charged in 6 minute intervals

Joint Liquidators' charging policy for disbursements

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

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