

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

28 August 2022

Ernst & Young LLP



## Abbreviations

The following abbreviations are used in this report:

BoS	Bank of Scotland plc
Court	The Royal Court of Jersey
Creditors' Report	Creditors' Meeting Report dated 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

## Contents

1. Introduction .....	2
2. Conduct of the liquidations since 28 February 2022 .....	3
3. Outcome for creditors.....	10
4. Liquidators' receipts and payments.....	12
5. Costs of the liquidation, the Joint Liquidators' remuneration, disbursements and payments to other professionals .....	13
6. Other matters.....	17
Appendix A Statutory information .....	19
Appendix B Group structure.....	21
Appendix C Receipts and Payments – PGL.....	22
Appendix D Receipts and Payments – PIL.....	23
Appendix E Receipts and Payments – PRL.....	25
Appendix F Time properly given analysis – PGL .....	27
Appendix G Time properly given analysis – PIL.....	28
Appendix H Time properly given analysis – PRL .....	29

## 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 February 2022 to 27 August 2022 and should be read in conjunction with the Creditors' Meeting Report dated 3 October 2018 and our six month progress reports to 27 February 2019, 27 August 2019, 27 February 2020, 27 August 2020, 27 February 2021, 27 August 2021 and to 27 February 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

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

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

As previously reported, the meeting 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 liaise with the Creditors' Steering Committee on a regular basis, as required, in relation to the liquidations of the Companies. In particular, we convened a first meeting of the Creditors' Steering Committee on 27 November 2018 and have provided the Committee with written updates on 20 December 2018, 6 February 2019, 17 May 2019, 30 October 2019, 29 April 2020, 28 October 2020, 30 April 2021, 28 June 2021, 28 October 2021 and 22 April 2022. We also engage with the Creditors' Steering Committee in respect of specific aspects of the liquidation of the Companies as and when required. We expect to convene a further meeting of the Committee in October 2022.

## 2. Conduct of the liquidations since 28 February 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).

To assist in the above the Joint Liquidators retained 20 of Petrostem Group's employees. Of these employees, 19 were paid by PIL (15 were based in Dubai and 4 in Erbil, Iraq) and one by PUK. The remaining employees of PIL (16) and PUK (2) were made redundant immediately prior to the appointment of the Joint Liquidators.

Further headcount reductions have been made throughout the period of the Liquidations and following completion of certain matters relating to customs duty for PIL in Dubai, the last employee left the business on 31 January 2020.

### 2.2 Asset realisations – PGL

The principal assets of PGL comprise its shareholdings in its five wholly-owned subsidiaries, intragroup receivable balances due from certain of those entities and intergroup receivables due from the Pioneer and Innospection Groups.

#### 2.2.1 Sale of Petrostem trade name

As previously reported, the Petrostem trade name was sold to Petrostem Qatar Limited ('PQL'), a related party, for a consideration of \$20k.

#### 2.2.2 Shareholdings in subsidiaries

As detailed in the Creditors' Report each of the entities within the Petrostem Group will be wound-down in insolvency (in the case of PIL, PRL and PUK) or on a managed business by their existing directors, subject to the supervision of the Joint Liquidators of PGL. No sums will be realised from the shareholdings of PGL's subsidiaries.

### 2.2.3 Intragroup and intergroup balances

A summary of the intragroup and intergroup balances due to PGL as at 28 August 2018 is provided below.

#### *Intragroup receivable balances*

	At 28 August 2018 (\$m)	Estimated recovery
Petrostem UK Limited (In Administration)	4.2	Discussed below
Petrostem Asia Pte Limited	12.7	Discussed below
Petrostem Malaysia Sdn Bhd	4.7	Discussed below
<b>Total</b>	<b>21.6</b>	

Following a first and final Prescribed Part dividend paid to the ordinary unsecured creditors from the administration of PUK, PGL recovered \$84k in respect of the balance due to it by PUK. The administration of PUK has now been completed and therefore no further recoveries in respect of this debt will be made.

The operations of both Petrostem Asia Pte Limited ('PSA') and Petrostem Malaysia Sdn Bhd ('PSM') are being wound down by their existing directors on a managed basis, subject to the supervision of the Joint Liquidators of PGL.

The principal assets of both PSA and PSM are its rental assets. These assets, together with certain of the rental assets of PPC Limited (In Official Liquidation), were sold for a total consideration of \$4.0m of which \$1.3m and \$0.7m is attributable to PSA and PSM, respectively.

The solvent liquidation of PSA has now been completed and as PSA has now been struck off, we have been able to release the \$70k held by PGL in respect of PSA's asset realisations. The final meeting in the Liquidation of PSM was held on 26 September 2022 and, ahead of that meeting, PGL received a final dividend of \$17k – as this recovery was made outside the current reporting period, it will be shown in the receipts and payments account to be included in our next report to creditors. We do not expect there to be any further realisations from either PSA or PSM. To date PGL has recovered a total of \$1.91m from the winding-up of these entities.

#### *Intergroup receivable balances*

	At 28 August 2018 (\$m)	Comments
Pioneer Group	28.3	Discussed below
Innospection Group	2.2	Discussed below
<b>Total</b>	<b>30.5</b>	

Our previous report detailed our rejection of the settlement offer received from the Pioneer and Innospection Groups of \$0.3m in relation to the amounts due to both the PPG and Petrostem Groups (Pioneer Group - \$38.0m; Innospection Group - \$10.6m).

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. Heads of terms in respect of this transaction have been signed, and both a non-refundable deposit of \$50k (\$45k of which has been allocated to PGL) and a contribution of \$15k in respect of our legal costs received from the third party. Negotiations of the sale and purchase documentation in relation to this transaction were also at an advanced stage.

However, during the course of negotiating the sale and purchase documentation, the Pioneer Group received a \$5m tax demand from the Kurdistan Ministry of Finance and Economy in connection with its operations in Erbil. Whilst Pioneer Group is confident that the demand is an error, the discussions with the Kurdistan Ministry will take some time to resolve. The third party with whom heads of terms have been agreed is unwilling to complete its purchase of Pioneer Group until this tax demand has been resolved to its satisfaction. Further, given the uncertain timescale regarding agreement and settlement of the tax liability and the unfavourable trading conditions, the shareholder is unwilling to enter into a conditional sale agreement. We are therefore now pursuing proposals for repayment of the debt due by Pioneer Group. However, the Pioneer Group have advised that they are unable to table any repayment proposals until the group's tax position has been clarified. Whilst some progress has been made with the tax authorities, it is clear that this will not be a quick process and we will, therefore, update creditors on the position in our next report.

We have been advised that administrators have been appointed to Innospection Limited and that a sale of the group's business and assets is being pursued. Whilst 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, early indications are that there will be no recovery for PGL from the sales process. Whilst we will continue to pursue the outstanding balance due to PGL, we do not anticipate any substantial recovery from this debt.

We will update creditors on progress in our next report.

## 2.3 Asset realisations – PIL

PIL's principal assets comprise fixed assets, debtor balances due by its customers and intragroup debtor balances due to it by other entities within the Petrostem Group, and certain entities within the Petroleum Pipe Group.

### 2.3.1 Fixed assets

At the date of our appointment, PIL held plant, machinery and office equipment with a net book value of £nil.

#### *IT equipment*

As previously reported, PIL sold its IT equipment and software to Maxtube ME Limited, a related party, for a consideration of \$7k plus a contribution of \$2k in respect of our costs in completing the sale.

#### *Vehicles*

PIL held three vehicles at the date of appointment. All vehicles have now been sold for consideration totalling \$9k.

### *Plant and machinery*

Offers were received and accepted for PIL's plant and machinery totalling \$8k and these sales were completed at the time of our last report.

No further realisations from fixed assets are anticipated.

#### **2.3.2 Trade debtor balances and post-appointment trading**

As at the date of our appointment, trade debtor balances due to PIL aggregated \$0.4m; and this balance has been collected in full.

Accrued income, comprising uninvited amounts due in respect of the rental of assets to 28 August 2018, totalled \$0.3m and, with the exception of \$2k, has been collected in full.

As detailed in the Creditors' Report, the Joint Liquidators' strategy in relation to the collection of trade debtor balances from ongoing rentals was to seek to agree with the customer a managed handover of their rental contracts. This was considered the best approach to facilitate full settlement of any receivable balances.

Consequently, PIL has invoiced post-appointment rentals aggregating \$0.2m, which have been collected in full.

#### **2.3.3 Deposits**

As at the date of appointment, PIL had paid several deposits to local authorities in the UAE totalling \$72k. As at the date of our last report, we had been able to recover \$53k in this regard. We do not expect to make any further material recoveries from these deposits.

#### **2.3.4 Prepayments**

As at the date of appointment, PIL had prepayments of \$120k relating to prepaid rent. No recoveries are anticipated.

#### **2.3.5 Intragroup and intergroup receivable balances**

As at 28 August 2018, PIL's balance sheet detailed an intragroup receivable of \$7.6m from PGL.

As detailed above, PGL is subject to Jersey liquidation proceedings and an interim distribution of \$63k has been received from the liquidation of PGL. A further recovery of c.\$20k is currently estimated.

#### **2.3.6 VAT and tax refunds**

As at the date of appointment, PIL's accounts showed that it was due a refund of \$13k in relation to pre-appointment VAT in the UAE. Returns have been submitted and a refund received of \$11k.

Prior to the appointment of the Joint Liquidators a payment was made from PIL to HM Revenue & Customs in the United Kingdom on behalf of PUK for \$6k, which was subsequently recalled. This amount was returned to PIL following the appointment of the Joint Liquidators.

#### **2.3.7 Cash on appointment**

PIL had cash at bank totalling \$0.2m held at NBF and Standard Bank at the date of appointment. This amount has been transferred into the Joint Liquidators' bank accounts.

## 2.4 Asset realisations – PRL

PRL is the principal asset owning entity within the Petrostem Group. Its principal assets comprise rental assets, plant and machinery, debtor balances due by its customers and intragroup debtor balances due to it by other entities within the Petrostem Group.

It also holds 100% of the shareholding in Petrostem Assets Limited ('PAL'), a non-trading subsidiary which holds few assets beyond a debt of \$2m due to it by PGL. As part of the solvent wind-down of PAL, this debt of \$2m due to PAL by PGL was assigned to PRL.

### 2.4.1 Transactions in advance of insolvency

As detailed in the previous progress report, prior to the appointment of the Joint Liquidators, the directors of PRL novated the contract held by PRL with RASGAS for the rental of drill pipe in Qatar to PQL for a consideration based on the profit generated from this contract until its expiry in November 2021. A non-refundable deposit in respect of this consideration of \$0.1m had been received at the date of our last report and a further \$40k has been recovered in respect of PRL's share of the trading profit from the contract in the period to 30 September 2020. As set out in our last report, we had received the final accounts from PQL and these indicated that a further c\$97k was due to PRL for the period to the end of the profit share agreement. This balance has been settled and brings total realisation from the novation to c\$238k.

Assignment of the contract also facilitated the collection in full of debtor balances and accrued income due to PRL totalling \$0.5m as at the date of the Joint Liquidators' appointment, together with an additional c\$50k relating to subrental of equipment to PQL.

### 2.4.2 Rental assets

As at the date of our appointment, PRL held rental assets, principally comprising drill pipe and related tools / accessories, with a net book value of \$5.6m.

As previously reported, five separate sales of assets have been agreed and completed, generating gross proceeds of \$1.0m for PRL.

In addition, there remains a further \$80k worth of assets in Egypt which had previously been consigned to a customer in Egypt. A sale of these assets had been agreed but will not complete until all the assets have been transferred back to Dubai. These assets were being shipped to Dubai in batches. However, this process has now ceased and is unlikely to resume. Given the protracted timeline and low level of potential realisations from this sale, the Joint Liquidators have decided not to pursue recovery of these assets, as the costs would likely outweigh potential realisations.

### 2.4.3 Other fixed assets

At the date of our appointment, PRL held plant, machinery and office equipment with a net book value of \$0.3m. These assets predominantly comprised plant and machinery located in Dubai and Saudi Arabia. The Joint Liquidators concluded sales of these assets located in Dubai for \$26k and for the assets located in Saudi Arabia for \$80k.

### 2.4.4 Trade debtor balances and post appointment trading

As at the date of our appointment, trade debtor balances due to PRL aggregated \$1.4m and accrued income totalled \$0.9m. To date, \$2.1m of these amounts had been collected. Although the Joint Liquidators are continuing to pursue the remaining balances and indeed a further \$17k has been recovered in the period, further significant recoveries are not anticipated.

As detailed in the Creditors' Report, the Joint Liquidators' strategy in relation to the collection of trade debtor balances from ongoing rentals was to seek to agree with customers a managed handover of their rental contract. This was considered the best approach to facilitate full settlement of any receivable balances. Consequently, PRL has invoiced post-appointment rentals aggregating \$0.3m. The majority of this balance, excluding two small debtor balances, has been collected in full.

#### 2.4.5 Intragroup and intergroup receivable balances

As at 28 August 2018, PRL had intragroup receivable balances totalling \$17.0m due to it by PGL. PGL is subject to liquidation proceedings in Jersey and an interim distribution of \$142k has been received from the liquidation of PGL with a further recovery of c\$40k currently estimated. In addition, PRL has also received c\$17k in respect of the interim distribution from PGL that was due to PAL.

As at 28 August 2018, PRL had intergroup receivable balances totalling \$1.9m due to it by Petroleum Pipe Middle East FZE, a related entity. No recoveries are anticipated.

#### 2.4.6 VAT refund

As at the date of appointment, PRL's accounts showed that it was due a refund of \$23k in relation to pre-appointment VAT in the UAE. Returns have been submitted and a refund received of \$19k.

#### 2.4.7 Deposits and prepayments

As at the date of appointment, PRL had deposits and prepayments totalling \$29k relating to a security deposit and lease payment in respect of PRL's operations in Erbil. No recoveries are anticipated.

#### 2.4.8 Investments

PRL has one wholly-owned investment, Petrostem Assets Limited ('PAL'). No recovery from PRL's shareholding in PAL is anticipated. However, as noted above, the debt of \$2m due by PGL to PAL has been assigned to PRL. PAL has now been dissolved.

#### 2.4.9 Cash on appointment

PRL had cash at bank totalling \$9k at the date of appointment. This amount has been transferred into the Joint Liquidators' bank accounts. In addition, PRL held cash with BoS of \$3k which has also transferred to the Joint Liquidators.

### 2.5 Asset realisations for the Petrostem Group

The other insolvent entity within the Petrostem Group – Petrostem (UK) Limited (In Administration) ('PUK') - is not registered in Jersey and is subject to the insolvency proceedings in the United Kingdom. Accordingly, PUK is not within the remit of this report. Notwithstanding this, the Joint Liquidators recognise the inter-linked nature of the Petrostem Group and therefore detailed discussion of the insolvency proceedings and potential asset realisations for PUK is provided within the separate report to the creditors of PUK which is available from the following website:

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

As noted at paragraph 2.2.3 above, the administration of PUK has now been completed and the company is now being dissolved.

## 2.6 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. 1.1% 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, creditors of PIL may recover c. 0.2% of the amounts due to them from its insolvency process. No distributions have yet been made to the unsecured non-priority creditors of PIL.

Based on the information available to us, creditors of PRL may recover c. 2.7% 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 Gordon Wilson at this office or by email to [petrostemgroup@uk.ey.com](mailto: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 February 2022 to 27 August 2022 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 August 2022, the Joint Liquidators have incurred time costs (based on the above hourly rates) of \$976,323, \$838,603 and \$807,714 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 \$7,800 and \$8,468 respectively which have been incurred in connection with the potential legal actions outlined in paragraph 2.6 above and will be met by a third party.

The Steering Committee has approved our fees for the periods to 27 February 2022 in the sums of \$908,337 in respect of PGL, \$786,228 in respect of PIL and \$773,390 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 February 2022 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;

- ▶ 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 August 2022, the Joint Liquidators have incurred Category 1 disbursements of \$4,792, \$9,547 and \$10,280 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 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*:

- ▶ Collecting in the remaining trade debtor balances due to PRL;
- ▶ Realising the intragroup and intergroup debts due to the Companies;
- ▶ In their capacity as Joint Liquidators of PGL, monitoring the managed wind-down of the other subsidiaries of PGL, most notably PSA and PSM, and liaising with any liquidators thereof;
- ▶ 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.

### 6.2 The end of the liquidations

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

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

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

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

## 6.4 Reporting

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

The report will be made available on the following website:

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

Should you wish to discuss any aspect of this report, please contact Gordon Wilson on 0131 777 2305.

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](https://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	-

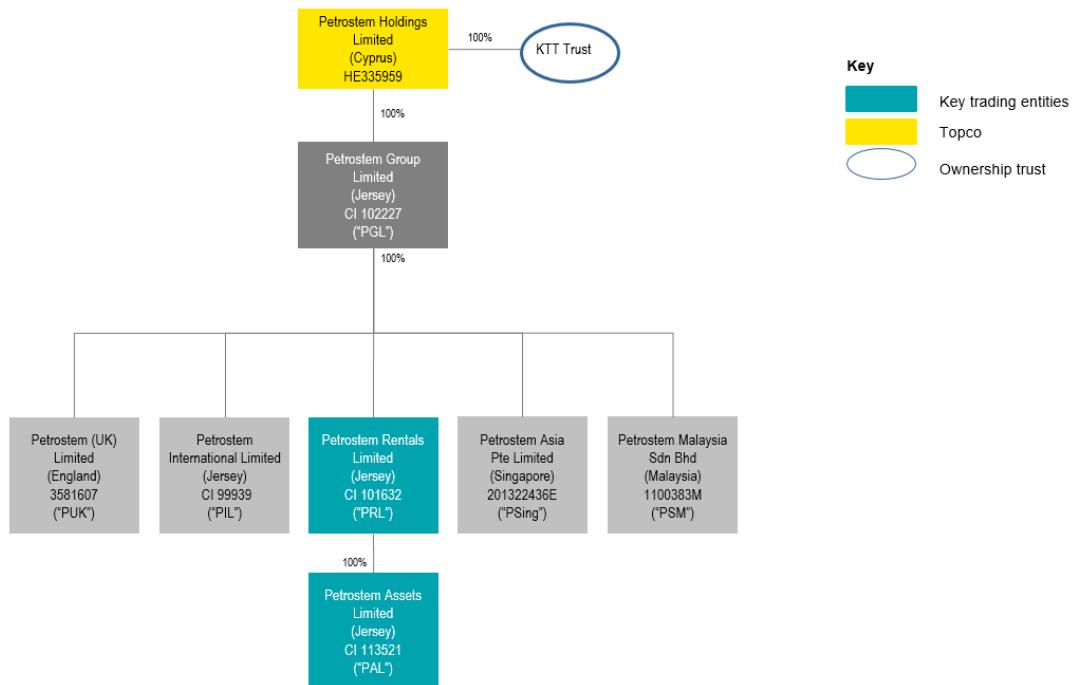
*Petrostem Rentals Limited*

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

Receipts and Payments for the period from 28 August 2018 to 27 August 2022

	Period 28 August 2018 to 27 February 2022	Period 28 February 2022 to 27 August 2022	Total Period 28 August 2018 to 27 August 2022
<b>Receipts</b>			
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	1,063,827	70,000	1,133,827
Distributions from Petrostem Malaysia Sdn Bhd	780,293		780,293
<b>Total receipts</b>	<b>1,909,120</b>	<b>154,169</b>	<b>2,063,289</b>
<b>Payments</b>			
Agents' fees	122,132		122,132
Legal fees	179,109	2,267	181,376
Liquidators' fees	506,468	93,532	600,000
Liquidators' expenses	4,761		4,761
Bank charges and interest	220	18	238
Distribution to the ordinary creditors	800,000		800,000
Exchange Rate Loss / (Gain)	(2,354)		(2,354)
<b>Total payments</b>	<b>1,610,336</b>	<b>95,817</b>	<b>1,706,153</b>
<b>Net Receipts / (Payments) for the period</b>	<b>298,784</b>	<b>58,352</b>	<b>357,136</b>
Represented by:			
Bank balances at at end of each period			
Royal Bank of Scotland			359,403
Intergroup - PPC UK			(2,267)
			357,136

### 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. Excluded from the above receipts and payments account is cash of \$154,871 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 2.5 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

Receipts and Payments for the period from 28 August 2018 to 27 August 2022

	Period 28 August 2018 to 27 February 2022	Period 28 February 2022 to 27 August 2022	Total Period 28 August 2018 to 27 August 2022
<b>Receipts</b>			
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
<b>Payments</b>			
Interaccount transfers	1,051,909		1,051,909
Intercompany transfers	-		-
Intercompany payments - PUK	-		-
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	636,007	63,993	700,000
Liquidators' expenses	9,547		9,547
Agents' fees and expenses	24,212		24,212
Legal fees	42,740	2,267	45,007
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
VAT payment	-		-
Telephone and IT	19,468		19,468
Public notices	107		107
Priority creditor dividend	3,244		3,244
Bank charges and interest	5,592	18	5,610
Exchange Rate Loss / (Gain)	1,232		1,232
	2,063,267	66,278	2,129,545
Net receipts / (payments) for the period	168,539	(66,278)	102,261
Represented by:			
Bank balances as at end of each period			
Royal Bank of Scotland	166,861		102,850
Intergroup - PPC UK	-	(2,267)	(2,267)
Petty cash	1,678		1,678
	168,539		102,261

Summary of the Joint Liquidators' trading account for the period from 28 August 2018 to 27 February 2022

	Period 28 August 2018 to 27 February 2022	Period 28 February 2022 to 27 August 2022	Total Period 28 August 2018 to 27 August 2022
<b>Trading receipts</b>			
Post-appt trading income	167,847		167,847
	167,847	-	167,847
<b>Trading payments</b>			
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

Receipts and Payments for the period from 28 August 2018 to 27 August 2022

	Period 28 August 2018 to 27 February 2022	Period 28 February 2022 to 27 August 2022	Total Period 28 August 2018 to 27 August 2022
<b>Receipts</b>			
Cash on appointment	11,622		11,622
Pre-appointment debtor collections	1,209,754	17,473	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	140,473	97,117	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
	5,737,016	114,590	5,851,606
<b>Payments</b>			
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
Petrostem Qatar Limited	427		427
Telephone and IT expenses	14,388		14,388
Joint Liquidators' fees	660,822	39,178	700,000
Joint Liquidators' disbursements	10,223		10,223
Agents' fees and expenses	121,123		121,123
Legal fees and expenses	28,525	3,151	31,676
Insurance	74,539		74,539
VAT Payment			-
Employee expenses and benefits	20,478		20,478
Utilities	8,600		8,600
Public notices	107		107
Bank charges and interest	6,025	18	6,043
Exchange Rate Loss / (Gain)	(5,097)		(5,097)
Distributions to Ordinary Creditors	1,800,000		1,800,000
	5,516,745	42,347	5,559,092
Net receipts / (payments) for the period	220,271	72,243	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 August 2021

	Period 28 August 2018 to 27 February 2022	Period 28 February 2022 to 27 August 2022	Total Period 28 August 2018 to 27 August 2022
<b>Trading receipts</b>			
Post-appt trading income	315,017		315,017
	315,017		315,017
<b>Trading payments</b>			
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 August 2022

	Staff Grade									
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst	Total Hours	Total Cost \$	Average Rate \$
Accounting and Administration	3.5	0.4	7.0	70.7	12.0	89.5	108.3	291.4	110,281.00	715.7
Bank & Statutory Reporting	33.2	-	43.5	173.1	-	4.0	9.6	263.4	164,401.00	1,236.5
Creditors (Mandatory)	2.5	0.4	23.6	19.4	-	33.5	15.7	95.1	45,573.00	1,178.0
Debtors	8.0	-	62.6	76.0	-	4.0	-	150.6	96,920.00	1,343.1
Director Litigation	-	-	7.2	3.2	-	2.1	0.6	13.1	7,799.50	595.4
Immediate Tasks	0.5	-	2.8	-	1.3	-	-	4.6	3,024.50	657.5
Investigation/CDDA (Mandatory)	22.5	-	176.3	475.1	2.0	45.6	7.4	728.9	441,678.50	1,305.9
Job Acceptance & Strategy (M)	-	-	4.9	-	-	-	-	4.9	3,430.00	1,400.0
Legal Issues	6.5	0.6	0.4	4.4	-	-	-	11.9	8,853.50	1,588.8
Other Assets (Mandatory)	4.5	-	66.0	4.8	-	10.5	-	85.8	56,607.00	1,359.7
Other Matters	-	-	12.0	6.3	-	6.5	-	24.8	14,424.50	581.6
Statutory Duties	2.0	-	4.4	3.3	0.8	23.2	0.7	34.4	15,512.00	808.5
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	-	0.1	0.1	2.2	1.2	1.6	0.3	5.5	2,657.00	1,069.1
<b>Total Hours</b>	<b>83.2</b>	<b>1.5</b>	<b>411.0</b>	<b>838.5</b>	<b>26.1</b>	<b>222.5</b>	<b>142.6</b>	<b>1,725.4</b>		
<b>Time Costs (\$)</b>	<b>71,136.00</b>	<b>1,050.00</b>	<b>287,700.00</b>	<b>494,715.00</b>	<b>12,789.00</b>	<b>78,987.50</b>	<b>29,946.00</b>		<b>976,323.50</b>	
<b>Average Hourly Rate (\$)</b>	<b>855.0</b>	<b>700.0</b>	<b>700.0</b>	<b>590.0</b>	<b>490.0</b>	<b>355.0</b>	<b>210.0</b>		<b>565.9</b>	
Category 1 Disbursements (\$)	4,792.34									
Category 2 Disbursements (\$)	-									
	<b>4,792.34</b>									

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 divides disbursements into two categories.

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

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

## Appendix G Time properly given analysis – PIL

### Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 August 2022

	Staff Grade							Total Cost \$	Average Rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst	Total Hours	
Accounting and Administration	3.5	-	6.5	113.3	43.5	122.3	99.4	388.5	167,330.00
Bank & Statutory Reporting	40.7	-	44.7	201.9	10.0	3.0	30.6	330.9	197,600.50
Creditors (Mandatory)	2.0	0.4	19.9	27.1	12.0	55.0	6.3	122.7	58,637.00
Debtors	6.0	-	0.7	12.5	92.0	19.0	0.3	130.5	64,883.00
Director Litigation	-	-	9.4	3.2	-	-	-	12.6	8,468.00
Employee Matters	-	-	9.2	29.8	4.0	-	1.9	44.9	26,381.00
Immediate Tasks	0.5	-	2.8	6.1	2.5	-	-	11.9	7,211.50
Investigation/CDDA (Mandatory)	26.5	-	119.6	27.6	-	60.9	1.9	236.5	144,680.00
Job Acceptance & Strategy (M)	-	-	4.4	-	-	-	-	4.4	3,080.00
Legal Issues	7.0	0.6	0.7	5.1	-	-	-	13.4	9,904.00
Other Assets (Mandatory)	5.5	-	4.5	1.1	-	-	-	11.1	8,501.50
Other Matters	-	-	13.1	20.5	12.9	-	-	46.5	27,586.00
Property	-	-	-	0.5	-	-	-	0.5	295.00
Retention of Title	0.5	-	-	-	-	-	-	0.5	427.50
Statutory Duties	2.0	-	7.3	3.3	1.8	49.4	9.1	72.9	29,097.00
Stock and Fixed Assets	1.5	-	1.9	2.8	15.7	23.5	-	45.4	20,300.00
Trading (Mandatory)	-	-	8.2	63.3	17.0	17.0	2.7	108.2	58,019.00
VAT & Taxation	-	0.1	0.1	8.9	0.4	1.2	0.9	11.6	6,202.00
<b>Total Hours</b>	<b>95.7</b>	<b>1.1</b>	<b>253.0</b>	<b>527.0</b>	<b>211.8</b>	<b>351.3</b>	<b>153.1</b>	<b>1,593.0</b>	
<b>Time Costs (\$)</b>	<b>81,823.50</b>	<b>770.00</b>	<b>177,100.00</b>	<b>310,930.00</b>	<b>103,782.00</b>	<b>132,067.50</b>	<b>32,130.00</b>		<b>838,603.00</b>
<b>Average Hourly Rate (\$)</b>	<b>855.0</b>	<b>700.0</b>	<b>700.0</b>	<b>590.0</b>	<b>490.0</b>	<b>375.9</b>	<b>210.0</b>		<b>526.0</b>
Category 1 Disbursements (\$)	9,547.00								
Category 2 Disbursements (\$)	-								
	<b>9,547.00</b>								

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 divides disbursements into two categories.

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

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

## Appendix H Time properly given analysis – PRL

### Summary of Joint Liquidators' time costs and disbursements for the period from 28 August 2018 to 27 August 2022

	Staff Grade							Total Hours	Total Cost \$	Average Rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Accounting and Administration	3.0	-	6.9	106.5	57.0	133.5	73.0	379.9	162,317.50	709.1
Bank & Statutory Reporting	26.7	-	48.7	168.6	9.5	11.0	21.6	286.1	169,488.50	1,209.9
Creditors (Mandatory)	6.0	0.4	14.4	35.8	21.0	35.8	9.4	122.8	61,389.00	499.9
Debtors	2.5	-	3.7	72.9	126.0	31.0	3.5	239.6	121,414.50	1,048.6
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)	-	-	9.7	-	-	-	-	9.7	6,790.00	1,400.0
Legal Issues	6.5	-	0.4	-	-	-	-	6.9	5,837.50	1,699.5
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	-	5.1	3.6	5.4	44.7	4.5	64.3	25,468.50	663.5
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	1,272.2
VAT & Taxation	-	0.1	0.3	7.7	6.2	2.3	0.3	16.9	8,740.50	1,106.3
<b>Total Hours</b>	<b>65.2</b>	<b>0.5</b>	<b>173.0</b>	<b>541.5</b>	<b>346.5</b>	<b>326.8</b>	<b>115.9</b>	<b>1,569.4</b>		
<b>Time Costs (\$)</b>	<b>55,746.00</b>	<b>350.00</b>	<b>121,100.00</b>	<b>319,485.00</b>	<b>169,795.00</b>	<b>116,479.00</b>	<b>24,339.00</b>		<b>807,714.00</b>	
<b>Average Hourly Rate (\$)</b>	855.0	700.0	700.0	590.0	490.0	356.4	210.0		514.7	
<b>Category 1 Disbursements (\$)</b>	10,280.51									
<b>Category 2 Disbursements (\$)</b>	-									
	<b>10,280.51</b>									

Note: Time is charged in 6 minute intervals

#### Joint Liquidators' charging policy for disbursements

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

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

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

**EY** | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales  
with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

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

[ey.com](http://ey.com)