

The Insolvency Act 1986

**Administrators' progress report**

|  |  |
|--|--|
| Name of Company<br><i>First Oil Expro Limited</i>  | Company number<br><i>01021486</i>          |
| In the<br>High Court of Justice, Chancery Division,<br>Companies Court<br>[full name of court] | Court case number<br><i>000958 of 2016</i> |

(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/We (a)

Richard James Beard  
KPMG LLP  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

James Robert Tucker  
KPMG LLP  
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Blair Carnegie Nimmo  
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E14 5GL

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 19 August 2016

(b) 6 January 2017

Signed



Joint Administrator

Dated

24 January 2017

**Contact Details**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Kelly Haines  
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When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



A21  
15/02/2017  
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COMPANIES HOUSE



# Joint Administrators' progress report for the period 19 August 2016 to 6 January 2017

First Oil Expro Limited - in  
Administration

19 January 2017

# Notice to creditors

This progress report provides an update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in this progress report such as the costs which we have incurred to date

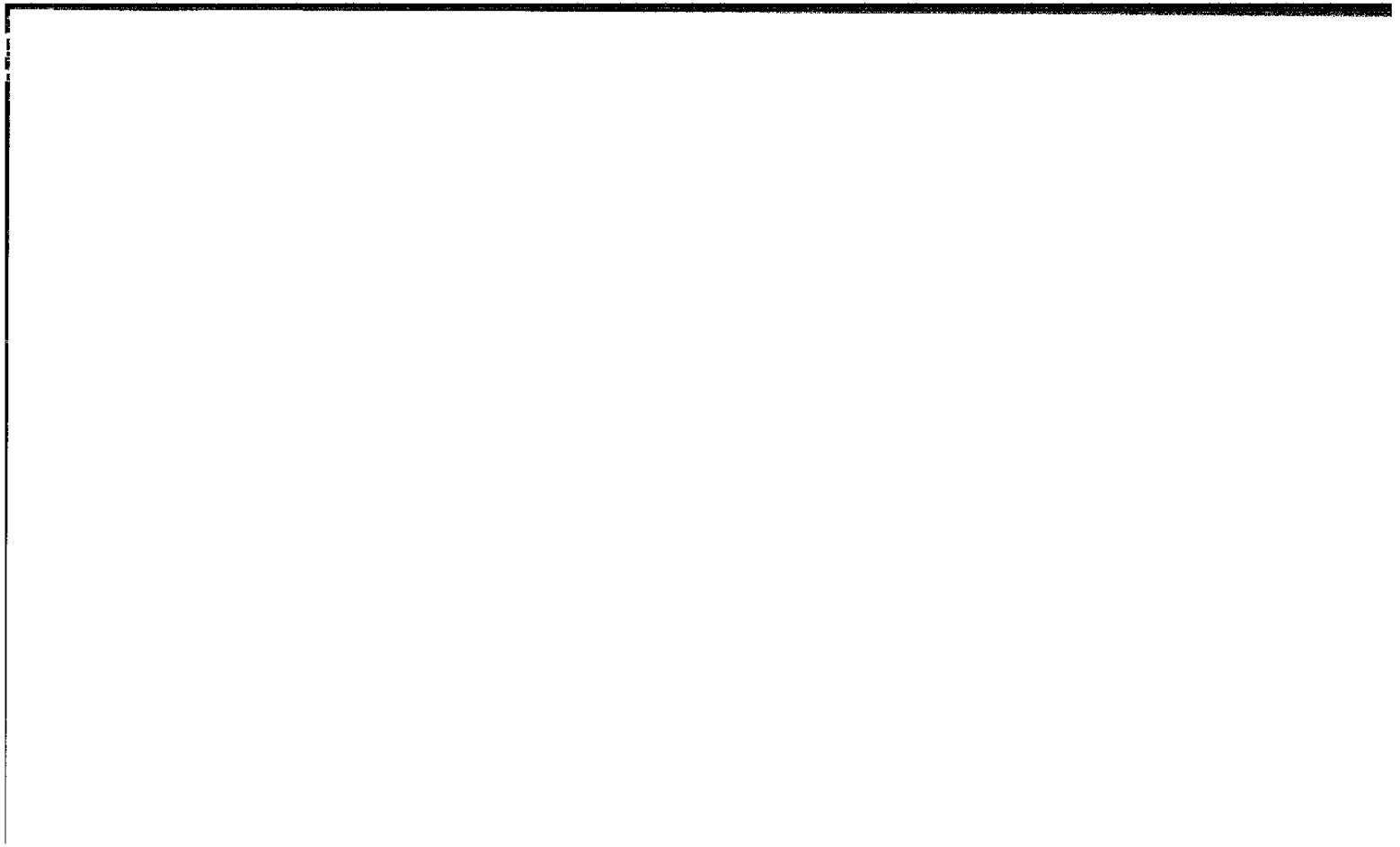
A glossary of the abbreviations used throughout this document is attached (Appendix 5)

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+FG12950527.html> We hope this is helpful to you

**Please also note that an important legal notice about this progress report is attached (Appendix 6).**

# Contents

|                   |   |           |
|-------------------|---|-----------|
| <b>1</b>          | <b>Executive summary</b>  | <b>3</b>  |
| <b>2</b>          | <b>Progress to date</b>   | <b>4</b>  |
| <b>3</b>          | <b>Dividend prospects and dividends paid</b>  | <b>6</b>  |
| <b>4</b>          | <b>Joint Administrators' remuneration, disbursements and pre-administration costs</b> | <b>6</b>  |
| <b>5</b>          | <b>Future strategy</b>  | <b>7</b>  |
| <b>Appendix 1</b> | <b>Statutory information</b>  | <b>9</b>  |
| <b>Appendix 2</b> | <b>Joint Administrators' receipts and payments account</b>                            | <b>10</b> |
| <b>Appendix 3</b> | <b>Schedule of expenses</b>   | <b>14</b> |
| <b>Appendix 4</b> | <b>Joint Administrators' charging and disbursements policy</b>                        | <b>18</b> |
| <b>Appendix 5</b> | <b>Glossary</b>   | <b>23</b> |
| <b>Appendix 6</b> | <b>Notice: About this report</b>  | <b>24</b> |



# 1 Executive summary

- This progress report covers the period from 19 August 2016 to 6 January 2017
- Following our appointment, we entered into two sales and purchase agreements with Zennor on 20 February 2016. These provided for the sale of the entire share capital of the two operating subsidiaries, FOGL and ARNIL, and the sale of three field interests of the Company (Section 2 - Progress to date)
- Distributions totalling £30.5 million have been paid to the Secured Creditors. It is likely that there will be a further distribution to Secured Creditors (Section 3 - Dividend prospects and dividends paid)
- We are not aware of any preferential claims against the Company (Section 3 - Dividend prospects and dividends paid)
- There are unlikely to be sufficient funds available for a distribution to unsecured creditors, however there may be a distribution under the Prescribed Part (Section 3 - Dividend prospects and dividends paid)
- The administration is currently due to end on 18 February 2017. However, this progress report accompanies a request to Secured Creditors to consider a 12-month extension to 18 February 2018 (Section 5 – Future strategy)
- Please note you should read this progress report in conjunction with our previous progress report and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+FG12950527.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Richard Beard  
Joint Administrator



## 2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

### 2.1 Strategy and progress to date

#### Strategy

Following our appointment, we entered into two sale and purchase agreements with Zennor on 20 February 2016. These provided for the sale of the entire share capital of two operating subsidiaries, FOGL and ARNIL (the 'Corporate SPA'), and the sale of three field interests of the Company (the 'Asset SPA').

The Corporate SPA completed on 4 March 2016 with Zennor paying gross sales proceeds of £33 million to the Company. Of this, £2 million was held in escrow as a requirement of the SPA in case any claims arose in the following 90 days. No claims were received and this amount was paid to the Company on 7 June 2016.

The Asset SPA completed on 19 July 2016 with Zennor paying sales proceeds of £2.9 million to the Company.

In addition, the sale of the Company's interest in the Tweedsmuir field to Talisman completed on 2 June 2016 for a gross sum of £0.7 million and the sale of the Waddock Cross field and related licenses to UOG completed on 11 August 2016 for £0.1 million.

In respect of the Company's licence and related interest in other oil and gas field assets, we have been negotiating the consensual transfer to the other field partners. To date, 10 field interests have been transferred to field partners. There are four oil and gas fields which the Company continues to have an interest in, three in the UK and one in the Netherlands. Of the remaining UK fields, the Company holds a licence interest in respect of two of the fields. We are continuing to explore the consensual transfer of the Company's interest in these fields.

In the period we have received tax confirmation from HMRC that there are no tax liabilities due in relation to the corporation tax affairs of the Company for the post appointment periods.

### 2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

#### Pre-appointment debtors

In the period, the Company has realised £43,707 in relation to debtor balances at the date of appointment.

#### Bank interest

Bank interest of £2,776 was received in the period.



## Investigations

We have continued to review the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Innovation and Skills. The contents of our submission are confidential

## 2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2)

Summaries of the most significant payments made during the period are provided below

### Administrators' fees

In the period, we have drawn £341,441 together with expenses totalling £787

### Legal fees

Legal fees totalling £203,163 have been paid in the period

### Direct labour

Gross wages in the period have been paid totalling £161,251 with a further £686 paid to certain employees in relation to the Management Incentive Plan ("MIP") that was agreed with the Lenders prior to our appointment. The employees were employed by FOPLC but worked almost entirely for FOEL which as a result paid their remuneration

### Contractors

Payments of £3,000 have been made to contractors who assisted the Joint Administrators in relation to certain matters in the period

### Boat expenses

In the period expenses relating to the upkeep and ongoing storage of the boat of £4,294 were paid

## 2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3)

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below

### Administrators' fees

We have incurred fees of £158,389 in the period

## **3 Dividend prospects and dividends paid**

### **3.1 Secured creditors**

During the period, we have distributed £3,245,715 to the Secured Creditors - all of which relates to fixed charge realisations

The Company, together with other group companies, has granted security in favour of the Lenders as follows

An English law debenture granted by FOPLC, First Oil UK Holdings Limited, FOEL and FOGL dated 5 October 2011 and registered 25 October 2011 and acceded to by ARNIL by and accession deed dated 17 April 2014 and registered 30 April 2014

As per our Statement of Proposals, we also understand that Ian Alexander Suttie holds a number of securities over the Company and other group companies

It is likely that there will be further distributions to the Secured Creditors

### **3.2 Preferential creditors**

We are not aware of any preferential claims against the Company

### **3.3 Unsecured creditors**

Based on current estimates, we anticipate that unsecured creditors may receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs

## **4 Joint Administrators' remuneration, disbursements and pre-administration costs**

### **4.1 Joint Administrators' remuneration and disbursements**

During the administration the Secured Creditors have provided approval that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in our first progress report and KPMG's usual charge-out rates for work of this nature
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4

Time costs

From 19 August 2016 to 6 January 2017, we have incurred time costs of £158,389. These represent 350 hours at an average rate of £452 per hour.



From the date of our appointment to 6 January 2017, we have incurred time costs of £1,171,850. These represent 2,447 hours at an average rate of £479 per hour.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 4) and in our previous progress report(s).

#### Remuneration

During the period, we have drawn remuneration of £341,441. Of this, £170,721 relates to fixed charge realisations and £170,720 to floating charge realisations.

## 4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

| Pre-administration costs                             |                               |                 |                                    |                           |                    |
|--|-------------------------------|-----------------|------------------------------------|---------------------------|--------------------|
|  | Disclosed<br>unpaid costs (£) | Approved<br>(£) | Paid in the<br>previous period (£) | Paid in the<br>period (£) | Outstanding<br>(£) |
| Pre-Administration Sale of<br>business - preparation | 19,222 50                     |                 |                                    |                           | 19,222 50          |
| Appointment documents                                | 4,812 00                      |                 |                                    |                           | 4,812 00           |
| <b>Total</b>   | <b>24,034 50</b>              |                 |                                    |                           | <b>24,034 50</b>   |

# 5 Future strategy

## 5.1 Future conduct of the administration

We will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Negotiating the transfer of field interests to other field partners,
- Progressing the sale of a boat acquired by the Company in 2012,
- Pursuing realisations in respect of other assets of the Company,
- Payment of a further distribution to Secured Creditors if there are sufficient realisations, and
- If there are sufficient floating charge realisations, making a distribution under the Prescribed Part, including agreeing unsecured creditors' claims.

## 5.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court.

The administration is currently due to end on 18 February 2017.



However, this progress report accompanies a request to the Secured Creditors to consider a 12-month extension to 18 February 2018 to allow the administrators to

- Realise the remaining assets of the Company,
- Transfer the remaining field interest to other field partners,
- Pay a further secured distribution, if funds allow, and
- Pay an unsecured distribution in respect of the Prescribed Part, if funds allow

### **5.3 Discharge from liability**

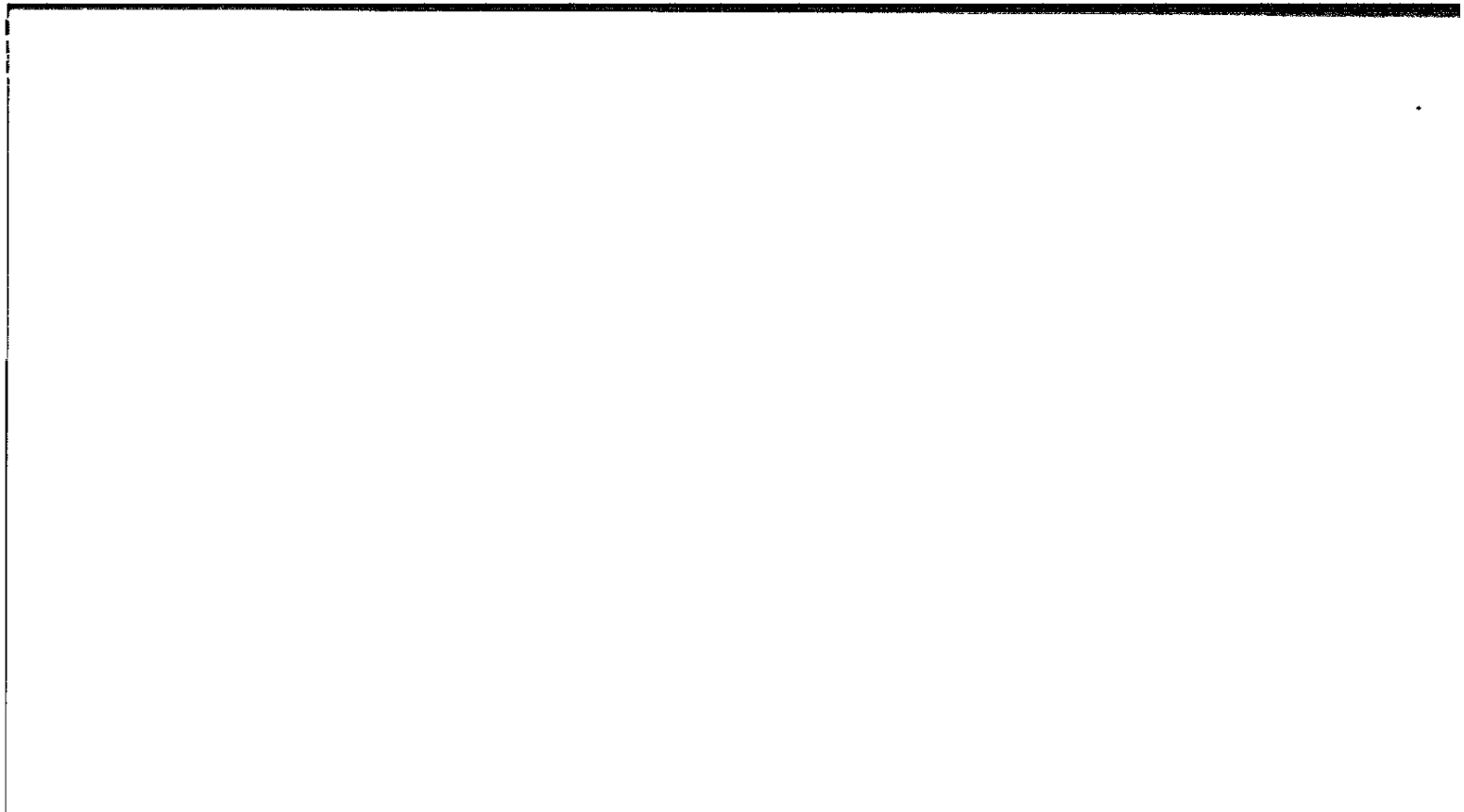
We are seeking approval from the Secured Creditors that we be discharged from liability in respect of any actions as Joint Administrators, from 28 days of filing our receipts and payments with the Registrar of Companies

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us

### **5.4 Future reporting**

We will provide a further progress report within one month of 6 June 2017



## Appendix 1 Statutory information

| Company information                                      |  |
|--|--|
| Company name   | First Oil Expro Limited  |
| Date of incorporation                                    | 18 August 1971   |
| Company registration number                              | 01021486   |
| Present registered office                                | KPMG LLP, 15 Canada Square, London, E14 5GL  |
| Administration information                               |  |
| Administration appointment                               | The administration appointment granted in High Court of Justice, 000958 of 2016  |
| Appointor  | Secured Creditors  |
| Date of appointment                                      | 19 February 2016   |
| Joint Administrators' details                            | Richard Beard, Jim Tucker and Blair Nimmo  |
| Estimated values of the Net Property and Prescribed Part | Value of net property and prescribed part currently unknown<br>The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3)   |
| Prescribed Part distribution                             | The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply<br>Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors, if funds allow |
| Functions  | The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)   |
| Current administration expiry date                       | 18 February 2017   |



## Appendix 2      Joint Administrators' receipts and payments account

| First Oil Expro Limited - in Administration |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Trading accounts                            |                                      |                                      |
| Statement of Affairs (£)                    | From 19/08/2016<br>To 06/01/2017 (£) | From 19/02/2016<br>To 06/01/2017 (£) |
| OTHER DIRECT COSTS                          |                                      |                                      |
| Direct labour                               | (161,250 95)                         | (630,288 32)                         |
| Direct expenses                             | NIL                                  | (810 88)                             |
|   | (161,250 95)                         | (631,099 20)                         |
| <b>Trading surplus/(deficit)</b>            | <b>(161,250 95)</b>                  | <b>(631,099 20)</b>                  |

First Oil Expro Limited - in Administration  
Abstract of receipts & payments

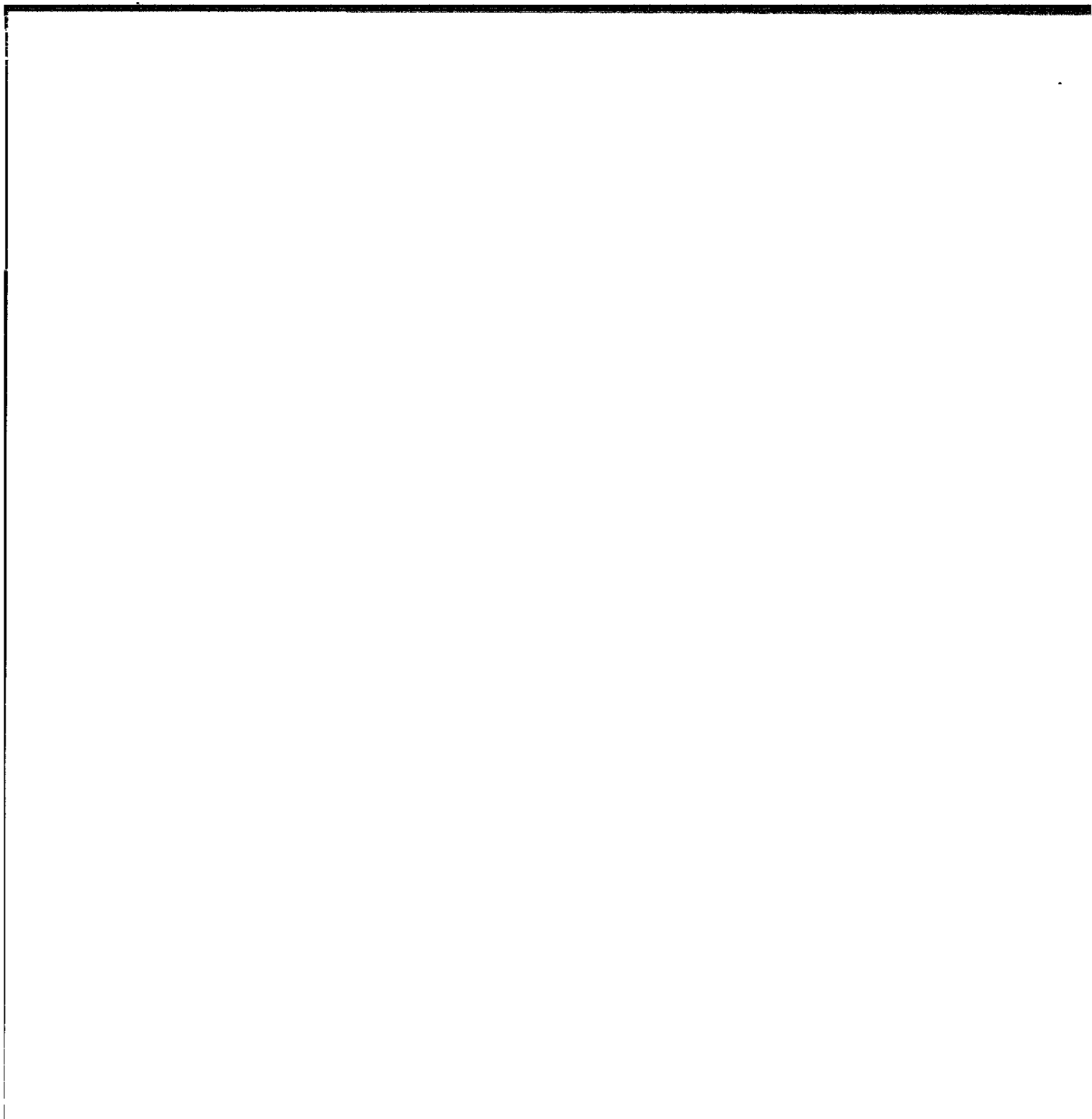
| Statement of affairs (£)      |                                     | From 19/08/2016<br>To 06/01/2017 (£) | From 19/02/2016<br>To 06/01/2017 (£) |
|-------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| <b>FIXED CHARGE ASSETS</b>    |                                     |                                      |                                      |
| 970,000 00                    | Tangible assets                     | NIL                                  | NIL                                  |
| 600,000 00                    | Intangible assets                   | NIL                                  | NIL                                  |
| 32,773,319 00                 | Sale of shares                      | NIL                                  | 33,000,000 00                        |
|                               | Sale of field assets                | NIL                                  | 2,221,483 02                         |
| 4,517,269 00                  | Cash at bank                        | NIL                                  | NIL                                  |
|                               |                                     | NIL                                  | 35,221,483 02                        |
| <b>FIXED CHARGE COSTS</b>     |                                     |                                      |                                      |
|                               | Administrators' fees                | (170,720 50)                         | (430,720 50)                         |
|                               | Administrators' expenses            | (393 50)                             | (8,717 00)                           |
|                               | Legal fees                          | (24,217 95)                          | (260,368 09)                         |
|                               | Costs in relation to sale of assets | NIL                                  | (35,166 64)                          |
|                               | Consideration adjustments           | NIL                                  | (836,430 87)                         |
|                               | MIP                                 | (686 13)                             | (719,195 99)                         |
|                               | Contractors                         | NIL                                  | (5,847 68)                           |
|                               | PLC Funding                         | NIL                                  | (371,479 52)                         |
|                               | Field billings                      | NIL                                  | (194,150 14)                         |
|                               | Share completion payments           | NIL                                  | (709,929 34)                         |
|                               |                                     | (196,018 08)                         | (3,572,005 77)                       |
| <b>FIXED CHARGE CREDITORS</b> |                                     |                                      |                                      |
|                               | Fixed charge creditor               | (3,245,714 90)                       | (30,461,423 15)                      |
|                               |                                     | (3,245,714 90)                       | (30,461,423 15)                      |
| <b>ASSET REALISATIONS</b>     |                                     |                                      |                                      |
|                               | Sale of field assets                | NIL                                  | 1,543,483 02                         |
|                               | IT assets                           | NIL                                  | 1,733 33                             |
| 2,040,000 00                  | Plant & machinery (oil and gas)     | NIL                                  | NIL                                  |
| 109,472 00                    | Plant & machinery (non oil and gas) | NIL                                  | NIL                                  |
|                               | Pre appointment debtors             | 43,706 74                            | 244,322 39                           |
| 282,090 00                    | Book debts                          | NIL                                  | NIL                                  |
|                               | Administration funding              | NIL                                  | 1,100,000 00                         |
| 249,873 00                    | Inventory/underlift                 | NIL                                  | NIL                                  |
| 100,000 00                    | Field revenue                       | 1,364 24                             | 755,642 49                           |
| 109,244 00                    | VAT refunds (pre-app'ent)           | NIL                                  | NIL                                  |
| 376,167 00                    | Cash at bank                        | NIL                                  | 363,206 02                           |
| 97,872 00                     | Accrued income                      | NIL                                  | NIL                                  |
|                               |                                     | 45,070 98                            | 4,008,387 25                         |



|                           |                                     |                |                |
|---------------------------|-------------------------------------|----------------|----------------|
| OTHER REALISATIONS        |                                     |                |                |
|                           | Bank interest, gross                | 2,775 62       | 21,927 95      |
|                           | Sundry refunds                      | 991 53         | 2,774 85       |
|                           | Trading surplus/(deficit)           | (161,250 95)   | (631,099 20)   |
|                           |                                     | (157,483 80)   | (606,396 40)   |
| COST OF REALISATIONS      |                                     |                |                |
|                           | Administrators' fees                | (170,720 50)   | (430,720 50)   |
|                           | Administrators' expenses            | (393 50)       | (8,716 99)     |
|                           | Consideration adjustments           | NIL            | (14,156 18)    |
|                           | Boat expenses                       | (4,293 92)     | (7,269 91)     |
|                           | Contractors                         | (3,000 00)     | (3,525 00)     |
|                           | Legal fees                          | (178,945 47)   | (257,413 92)   |
|                           | Costs in relation to sale of assets | NIL            | (31,053 61)    |
|                           | Telephone/Telex/Fax                 | NIL            | (551 56)       |
|                           | Storage costs                       | (994 41)       | (1,306 59)     |
|                           | Re-direction of mail                | (260 00)       | (500 00)       |
|                           | Statutory advertising               | NIL            | (90 60)        |
|                           | Rent                                | NIL            | (19,380 00)    |
|                           | Rates                               | (1,785 37)     | (5,071 36)     |
|                           | Other property expenses             | (370 00)       | (4,258 88)     |
|                           | Bank charges                        | (337 00)       | (1,468 90)     |
|                           | Repayment of administration funding | NIL            | (1,100,000 00) |
|                           | Employee Life Assurance & PMI       | 4,802 80       | (1,406 13)     |
|                           |                                     | (356,297 37)   | (1,886,890 13) |
| FLOATING CHARGE CREDITORS |                                     |                |                |
| (161,120,567 00)          | Floating charge                     | NIL            | NIL            |
|                           |                                     | NIL            | NIL            |
| UNSECURED CREDITORS       |                                     |                |                |
| (72,074,323 00)           | Trade & expense                     | NIL            | NIL            |
|                           |                                     | NIL            | NIL            |
| DISTRIBUTIONS             |                                     |                |                |
| (2 00)                    | Ordinary shareholders               | NIL            | NIL            |
|                           |                                     | NIL            | NIL            |
| (190,969,586 00)          |                                     | (3,910,443 17) | 2,703,154 82   |

## Appendix 3 Schedule of expenses

| Summary of Expenses from appointment |                       |                  |                  |                   |
|--------------------------------------|-----------------------|------------------|------------------|-------------------|
| Total for Administration             |                       |                  |                  |                   |
| Expenses (£)                         | Initial estimates (£) | Paid to date (£) | Future costs (£) | Total (£)         |
| <b>Other direct costs</b>            |                       |                  |                  |                   |
| Direct labour                        | 0 00                  | 630,288 32       | 0 00             | <b>630,288 32</b> |
| Direct expenses                      | 0 00                  | 810 88           | 0 00             | <b>810 88</b>     |
| <b>Fixed charge costs</b>            |                       |                  |                  |                   |
| Administrators' fees                 | 375,250 00            | 430,720 50       | 50,000 00        | <b>480,720 50</b> |
| Administrators' expenses             | 0 00                  | 8,717 00         | 0 00             | <b>8,717 00</b>   |
| Legal fees                           | 300,000 00            | 260,376 41       | 40,000 00        | <b>300,376 41</b> |
| Costs in relation to sale of assets  | 630,000 00            | 35,166 64        | 0 00             | <b>35,166 64</b>  |
| Consideration adjustments            | 0 00                  | 836,430 87       | 0 00             | <b>836,430 87</b> |
| MIP                                  | 0 00                  | 719,195 99       | 0 00             | <b>719,195 99</b> |
| Contractors                          | 0 00                  | 5,847 68         | 5,000 00         | <b>5,847 68</b>   |
| PLC Funding                          | 722,000 00            | 371,479 52       | 0 00             | <b>371,479 52</b> |
| Field billings                       | 500,641 00            | 194,150 14       | 0 00             | <b>194,150 14</b> |
| Share completion payments            | 762,894 00            | 709,929 34       | 0 00             | <b>709,929 34</b> |
| <b>Cost of realisations</b>          |                       |                  |                  |                   |
| Administrators' fees                 | 1,125,750 00          | 430,720 50       | 100,000 00       | <b>530,720 50</b> |
| Administrators' expenses             | 0 00                  | 8,716 99         | 0 00             | <b>8,716 99</b>   |
| Consideration adjustments            | 0 00                  | 14,156 18        | 0 00             | <b>14,156 18</b>  |
| Boat expenses                        | 0 00                  | 7,269 91         | 10,000 00        | <b>17,269 91</b>  |
| Contractors                          | 0 00                  | 3,525 00         | 5,000 00         | <b>8,525 00</b>   |
| Legal fees                           | 300,000 00            | 257,413 92       | 50,000 00        | <b>307,413 92</b> |
| Costs in relation to sale of assets  | 0 00                  | 31,053 61        | 0 00             | <b>31,053 61</b>  |
| Telephone/Telex/Fax                  | 0 00                  | 551 56           | 0 00             | <b>551 56</b>     |
| Storage costs                        | 0 00                  | 1,306 59         | 0 00             | <b>1,306 59</b>   |
| Re-direction of mail                 | 300 00                | 500 00           | 0 00             | <b>500 00</b>     |
| Statutory advertising                | 0 00                  | 90 60            | 0 00             | <b>90 60</b>      |
| Rent                                 | 0 00                  | 19,380 00        | 0 00             | <b>19,380 00</b>  |
| Rates                                | 0 00                  | 5,071 36         | 0 00             | <b>5,071 36</b>   |
| Other property expenses              | 0 00                  | 4,258 88         | 0 00             | <b>4,258 88</b>   |



|  |                     |                     |                   |                     |
|--|---------------------|---------------------|-------------------|---------------------|
| Bank charges                           | 100 00              | 1,468 90            | 0 00              | <b>1,468 90</b>     |
| Repayment of administration<br>funding | 0 00                | 1,100,000 00        | 0 00              | <b>1,100,000 00</b> |
| Employee Life Assurance & PMI          | 7,000 00            | 1,406 13            | 0 00              | <b>1,406 13</b>     |
| <b>TOTAL</b>                           | <b>4,723,935 00</b> | <b>6,090,003 42</b> | <b>260,000 00</b> | <b>6,350,003 42</b> |

**Schedule of expenses (19/08/2016 to 06/01/2017)**

| Expenses (£)                | Incurred and paid in the period (£) | Incurred in the period not yet paid (£) | Total (£)         |
|-----------------------------|-------------------------------------|---|-------------------|
| <b>Other direct costs</b>   |                                     |   |                   |
| Direct labour               | 161,250 95                          | 0 00                                    | 161,250 95        |
| <b>Fixed charge costs</b>   |                                     |   |                   |
| Administrators' fees        | 170,720 50                          | 158,389 00                              | 329,109 00        |
| Administrators' expenses    | 393 50                              | 2 76                                    | 396 26            |
| Legal fees                  | 18,908 38                           | 0 00                                    | 18,908 38         |
| MIP                         | 686 13                              | 0 00                                    | 686 13            |
| <b>Cost of realisations</b> |                                     |   |                   |
| Administrators' fees        | 170,720 50                          | 0 00                                    | 170,720 50        |
| Administrators' expenses    | 393 50                              | 0 00                                    | 393 50            |
| Boat expenses               | 3,390 54                            | 0 00                                    | 3,390 54          |
| Contractors                 | 3,000 00                            | 0 00                                    | 3,000 00          |
| Legal fees                  | 163,016 79                          | 0 00                                    | 163,016 79        |
| Storage costs               | 994 41                              | 0 00                                    | 994 41            |
| Re-direction of mail        | 260 00                              | 0 00                                    | 260 00            |
| Rates                       | 1,785 37                            | 0 00                                    | 1,785 37          |
| Other property expenses     | 0 00                                | 0 00                                    | 0 00              |
| Bank charges                | 337 00                              | 0 00                                    | 337 00            |
| <b>TOTAL</b>                | <b>700,660 37</b>                   | <b>158,391 76</b>                       | <b>859,052 13</b> |

Please note that there is a difference between the payments made during the period of £664,728 (excluding the distribution to Secured Creditors) (per the receipts and payments account) and the expenses incurred and paid in the period of £700,660 37 (per the schedule of expenses)

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period



## **Requests for further information and right to challenge our remuneration and expenses**

### **Creditors' requests for further information**

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report

Applications by unsecured creditors must be made with the concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court

The full text of the relevant rules can be provided on request by writing to Kelly Haines at KPMG LLP, 15 Canada Square, London, E14 5GL



## Appendix 4 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Kelly Haines on 0118 3731401

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

#### Charge-out rates (£) for: Restructuring

| Grade                | From 01 Oct 2015 £/hr |
|----------------------|-----------------------|
| Partner              | 795                   |
| Director             | 705                   |
| Senior Manager       | 615                   |
| Manager              | 490                   |
| Senior Administrator | 355                   |
| Administrator        | 270                   |
| Support              | 135                   |

### Table of charge-out rates

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

*Category 1 disbursements* These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

*Category 2 disbursements* These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

## Narrative of work carried out for the period 19 August 2016 to 6 January 2017

The key areas of work have been

|   |   |
|---|---|
| Statutory and compliance                  | <ul style="list-style-type: none"> <li>■ posting information on a dedicated web page,</li> <li>■ preparing statutory receipts and payments accounts,</li> <li>■ obtaining approval from secured/preferential creditors of a 12-month extension of the administration,</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales</li> </ul>   |
| Strategy documents, Checklist and reviews | <ul style="list-style-type: none"> <li>■ regular case management and reviewing of progress, including team update meetings and calls,</li> <li>■ reviewing and authorising junior staff correspondence and other work,</li> <li>■ dealing with queries arising during the appointment,</li> <li>■ reviewing matters affecting the outcome of the administration,</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews,</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters,</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions</li> </ul> |
| Reports to debenture holders              | <ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of the Secured Creditors regarding the progress of the administration and case strategy</li> </ul>   |
| Cashiering                                | <ul style="list-style-type: none"> <li>■ preparing and processing vouchers for the payment of post-appointment invoices,</li> <li>■ creating remittances and sending payments to settle post-appointment invoices,</li> <li>■ reconciling post-appointment bank accounts to internal systems,</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments</li> </ul>   |
| Tax                                       | <ul style="list-style-type: none"> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position,</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations,</li> <li>■ working initially on tax returns relating to the periods affected by the administration,</li> <li>■ analysing VAT related transactions,</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements,</li> <li>■ dealing with post appointment tax compliance</li> </ul>   |
| Shareholders                              | <ul style="list-style-type: none"> <li>■ providing copies of statutory reports to the shareholders</li> </ul>   |
| General                                   | <ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9,</li> <li>■ drawing remuneration in accordance with the basis which has been approved by the Secured Creditors,</li> </ul>  |
| Asset realisations                        | <ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets,</li> <li>■ liaising with agents regarding the sale of assets,</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies</li> </ul>   |
| Property matters                          | <ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases,</li> <li>■ communicating with landlords regarding rent, property occupation and other issues,</li> </ul>   |
| Creditors and claims                      | <ul style="list-style-type: none"> <li>■ creating and updating the list of unsecured creditors,</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims,</li> <li>■ agreeing Secured Creditor claims,</li> <li>■ arranging distributions to the Secured Creditors,</li> <li>■ drafting our progress report</li> </ul>   |
| Investigations/ directors                 | <ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration,</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies,</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company,</li> <li>■ reviewing pre-appointment transactions,</li> <li>■ drafting the statutory report and submitting to the relevant authority</li> </ul>   |

Time costs

| Pre-Administration costs (17/02/2016 to 18/08/2016)  |                       |              |               |             |              |                               |
|--|-----------------------|--------------|---------------|-------------|--------------|-------------------------------|
|  | Hours                 |              |               |             |              |                               |
|  | Partner /<br>Director | Manager      | Administrator | Support     | Total        | Average<br>Hourly Rate<br>(£) |
| Pre-Administration Sale of<br>business - preparation | 18 50                 | 8 60         |               |             | 27 10        | 19,222 50                     |
| Appointment documents                                | 4 60                  | 2 20         |               |             | 6 80         | 4,812 00                      |
| <b>Total</b>   | <b>23 10</b>          | <b>10 80</b> | <b>0 00</b>   | <b>0 00</b> | <b>33 90</b> | <b>24,034 50</b>              |

| SIP 9 –Time costs analysis (19/08/2016 to 06/01/2017) |       |                  |                            |
|---|-------|------------------|----------------------------|
|   | Hours | Time Cost<br>(£) | Average<br>Hourly Rate (£) |
| <b>Administration &amp; planning</b>                  |       |                  |                            |
| Cashiering  |       |                  |                            |
| General (Cashiering)                                  | 30 70 | 14,003 50        | 456 14                     |
| Reconciliations (& IPS accounting reviews)            | 1 90  | 662 50           | 348 68                     |
| General   |       |                  |                            |
| Fees and WIP  | 2 00  | 815 00           | 407 50                     |
| Statutory and compliance                              |       |                  |                            |
| Checklist & reviews                                   | 6 70  | 2,459 50         | 367 09                     |
| Closure and related formalities                       | 0 30  | 211 50           | 705 00                     |
| Pre-administration checks                             | 0 80  | 564 00           | 705 00                     |
| Strategy documents                                    | 0 70  | 248 50           | 355 00                     |
| Tax   |       |                  |                            |
| Post appointment corporation tax                      | 45 70 | 19,453 00        | 425 67                     |
| Post appointment VAT                                  | 41 65 | 14,272 50        | 342 68                     |
| <b>Creditors</b>                                      |       |                  |                            |
| Creditors and claims                                  |       |                  |                            |
| General correspondence                                | 4 70  | 2,019 50         | 429 68                     |
| Payment of dividends                                  | 1 80  | 639 00           | 355 00                     |
| Secured creditors                                     | 31 10 | 17,447 00        | 561 00                     |
| Statutory reports                                     | 58 40 | 21,854 00        | 374 21                     |
| Employees   |       |                  |                            |
| Correspondence  | 5 00  | 2,195 00         | 439 00                     |
| <b>Investigation</b>                                  |       |                  |                            |
| Directors   |       |                  |                            |

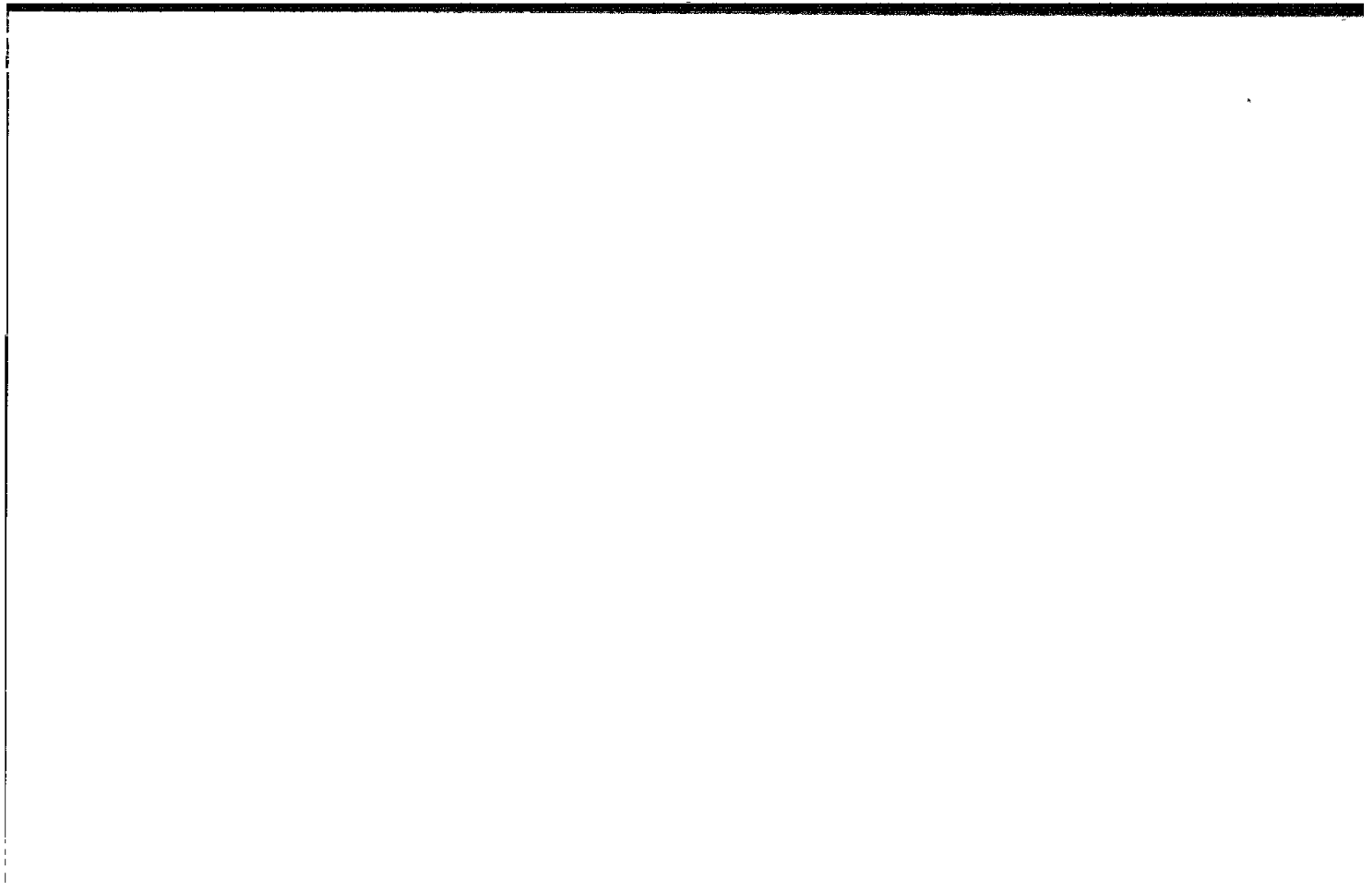
# **SIP 9 –Time costs analysis (19/08/2016 to 06/01/2017)**

|   | Hours         | Time Cost (£)     | Average Hourly Rate (£) |
|---|---------------|-------------------|-------------------------|
| D form drafting and submission                        | 13 90         | 4,039 50          | 290 61                  |
| <b>Realisation of assets</b>                          |               |                   |                         |
| Asset Realisation                                     |               |                   |                         |
| Open cover insurance                                  | 0 80          | 564 00            | 705 00                  |
| Other assets  | 62 10         | 41,846 50         | 673 86                  |
| Plant and machinery                                   | 0 90          | 553 50            | 615 00                  |
| Sale of business                                      | 6 20          | 2,201 00          | 355 00                  |
| Stock and WIP   | 1 40          | 497 00            | 355 00                  |
| Vehicles  | 12 40         | 4,002 50          | 322 78                  |
| <b>Trading code used when engagement didn't trade</b> |               |                   |                         |
| Trading   |               |                   |                         |
| Cash & profit projections & strategy                  | 2 70          | 1,903 50          | 705 00                  |
| Purchases and trading costs                           | 18 40         | 5,937 00          | 322 66                  |
| <b>Total in period</b>                                | <b>350 25</b> | <b>158,389 00</b> | <b>452 22</b>           |

|  |          |              |
|--|----------|--------------|
| Brought forward time (appointment date to SIP 9 period start date)   | 2,096 85 | 1,013,461 25 |
| SIP 9 period time (SIP 9 period start date to SIP 9 period end date) | 350 25   | 158,389 00   |
| Carry forward time (appointment date to SIP 9 period end date)       | 2,447 10 | 1,171,850 25 |

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

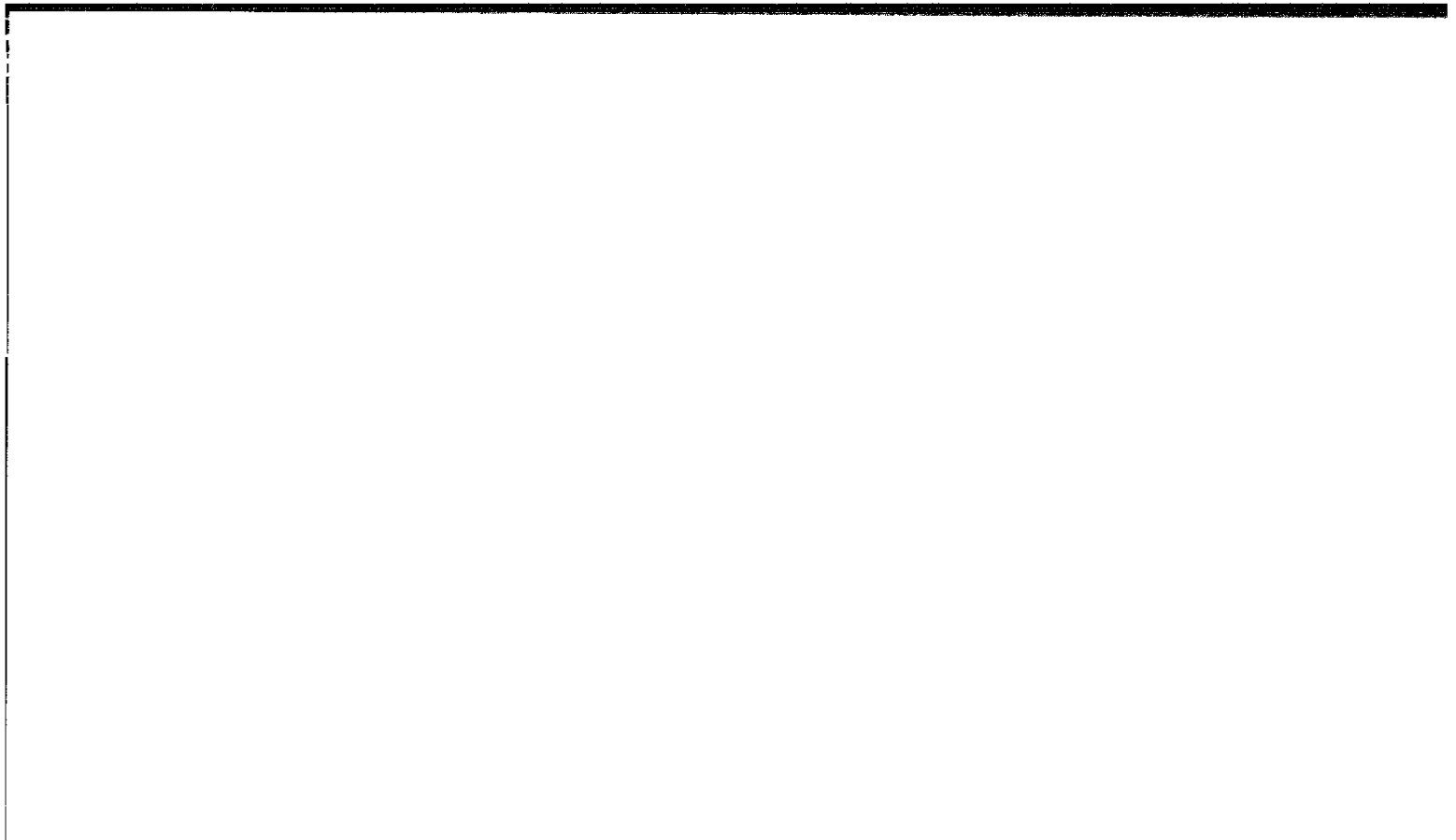




## Appendix 5      Glossary

|                                       |  |
|---------------------------------------|--|
| <b>ARNIL</b>                          | Antrim Resources (NI) Limited  |
| <b>Company/FOEL</b>                   | First Oil Expro Limited - in Administration                                  |
| <b>Court</b>                          | The High Court of England and Wales  |
| <b>CMS</b>                            | CMS Cameron McKenna LLP  |
| <b>FOGL</b>                           | First Oil & Gas Limited  |
| <b>FOPLC</b>                          | First Oil Plc – in Administration  |
| <b>HMRC</b>                           | <i>Her Majesty's Revenue and Customs</i>                                     |
| <b>Joint Administrators/we/our/us</b> | Richard Beard, Jim Tucker and Blair Nimmo                                    |
| <b>KPMG</b>                           | KPMG LLP   |
| <b>Lenders / Secured Creditors</b>    | Syndicate of lenders with BNP Paribas as agent, bank and Ian Suttie          |
| <b>Talisman</b>                       | Talisman Sinopec Energy UK Limited (now Repsol Sinopec Resources UK Limited) |
| <b>UOG</b>                            | United Oil & Gas Limited   |
| <b>Zennor</b>                         | Zennor Petroleum Limited   |

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively



## Appendix 6      Notice. About this report

This report has been prepared by Richard Beard, Jim Tucker and Blair Nimmo, the Joint Administrators of First Oil Expro Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Richard James Beard and James Robert Tucker are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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