

The Insolvency Act 1986

**Statement of administrator's proposals**

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986  
and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company

SeaEnergy PLC

Company number

SC062845

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

I/We (a) Geoffrey Isaac Jacobs  
KPMG LLP  
37 Albyn Place  
Aberdeen  
Grampian  
AB10 1JB

Blair Carnegie Nimmo  
KPMG LLP  
37 Albyn Place  
Aberdeen  
Grampian  
AB10 1JB

Gerard Anthony Friar  
KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ

attach a copy of ~~my~~our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 17 June 2016

Signed



Joint Administrator

Dated

17 June 2016

**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

Geoffrey Isaac Jacobs  
KPMG LLP  
37 Albyn Place  
Aberdeen  
Grampian  
AB10 1JB

Tel +44 (0) 1224 591000

When you have completed and signed this form, please send it to the  
Registrar of Companies at:-  
Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge,  
Edinburgh, EH3 9FF  
DXED235 Edinburgh 1 / LP- 4 Edinburgh 2

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COMPANIES HOUSE



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## **SeaEnergy PLC - in Administration**

Joint Administrators' proposals

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17 June 2016

# Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

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+SG601C3342.html>. We hope this is helpful to you.

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 7).**



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# 1 Executive summary

## Background and events leading to the administration

- The Company was incorporated on 5 August 1997 in the name of Ramco Oil Services PLC.
- The Company has changed name a number of times and was renamed as SeaEnergy PLC on 24 September 2009.
- The Company's principal activity was as the holding company of the SeaEnergy plc group of entities, operating from leased premises in Westhill, Aberdeenshire.
- The Group began experiencing cash flow challenges in 2015, due to the oil price decline adversely impacting the R2S business, resulting in cancelled and postponed client orders.
- On 4 March 2016, the Group announced to the stock market that it was facing financial difficulties and would need to consider a sale of the main assets of the Group, or the Group's businesses would be unable to continue trading beyond May 2016.
- On 21 April 2016, the Group and the Bank engaged KPMG to assess the Group's short term liquidity position. It was identified that the Group would likely have insufficient cash available to fund the business to the conclusion of the ongoing sale process.
- On 28 April 2016 KPMG was instructed by the Group to commence an accelerated sale of business process.
- Following the accelerated marketing process, a number of offers were received. The offer from James Fisher was accepted by the Directors. A non-refundable deposit £100,000 was obtained.

## Appointment

- The directors of the Company lodged the notice of appointment at the Court of Session on 2 June 2016 and Blair Carnegie Nimmo, Gerard Anthony Friar and Geoffrey Isaac Jacobs were duly appointed Joint Administrators.

## Strategy to date

- Shortly following the appointment of the Joint Administrators, the sale of R2S to James Fisher was concluded for an initial consideration of £1,660,322. Further amounts of up to £150,000 may be received depending on R2S's performance against agreed criteria.
- Prior to our appointment, 7 of the 14 PLC employees transferred to R2S. Three of the remaining employees were made redundant upon our appointment, and four employees were retained on a short term basis to assist with the Administration, and were made redundant shortly thereafter.
- We have instructed agents to sell the Company's shares in EHC; a subsidiary holding Oil & Gas production royalties.
- We are currently liaising with agents and the directors of SHL, regarding the sale of SHL; a subsidiary holding shares in Lansdowne. (Section [4] - Strategy and progress of the administration to date).

## Dividend Prospects

- The preferential creditors will receive a dividend of 100 pence in the pound. It is not currently possible to determine the exact timing of dividend payments, however, we will make these as soon as possible. (Section 5.2 – Dividend prospects).
- The Bank's indebtedness of £686,570 has been repaid in full. (Section 5.1 – Dividend prospects).
- The two second ranking floating charge holders are shortly due to receive an interim distribution of £100,000 each, towards their indebtedness at the date of appointment. Based on current



estimates, we anticipate that there will be sufficient funds available to enable further distributions to be made, however, it is not possible to confirm the timing or final level of recovery which will be achieved by the floating charge holders at this time. The outcome will be highly dependent on the amounts realised in respect of the EHC and SHL shares. (Section 5.1 – Dividend prospects).

- Unsecured creditors will receive a dividend under the prescribed part. It is not currently possible to determine the timing or level of this dividend based on the information currently available. It appears unlikely that there will be sufficient funds available to enable a ranking dividend to be made to unsecured creditors. (Section 5.3 – Dividend prospects).

#### Exit route from administration

- We consider it prudent to retain all of the options currently available to us, as listed in Section 9 to bring the administration to a conclusion in due course.
- At this stage we anticipate that there will be insufficient funds to pay a ranking dividend to unsecured creditors and we will most likely file notice to move from administration to dissolution after the prescribed part dividend has been paid by the Joint Administrators (Section 6.1 - Ending the administration).

#### Joint Administrators' remuneration, outlays and disbursements

- Agreement to the basis and amount of our remuneration and outlays and the drawing of Category 2 disbursements is subject to specific approval. They are not agreed as part of our proposals.
- We propose that our remuneration be drawn on the basis of time properly given by us and the various grades of our staff and that 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.

#### Notice

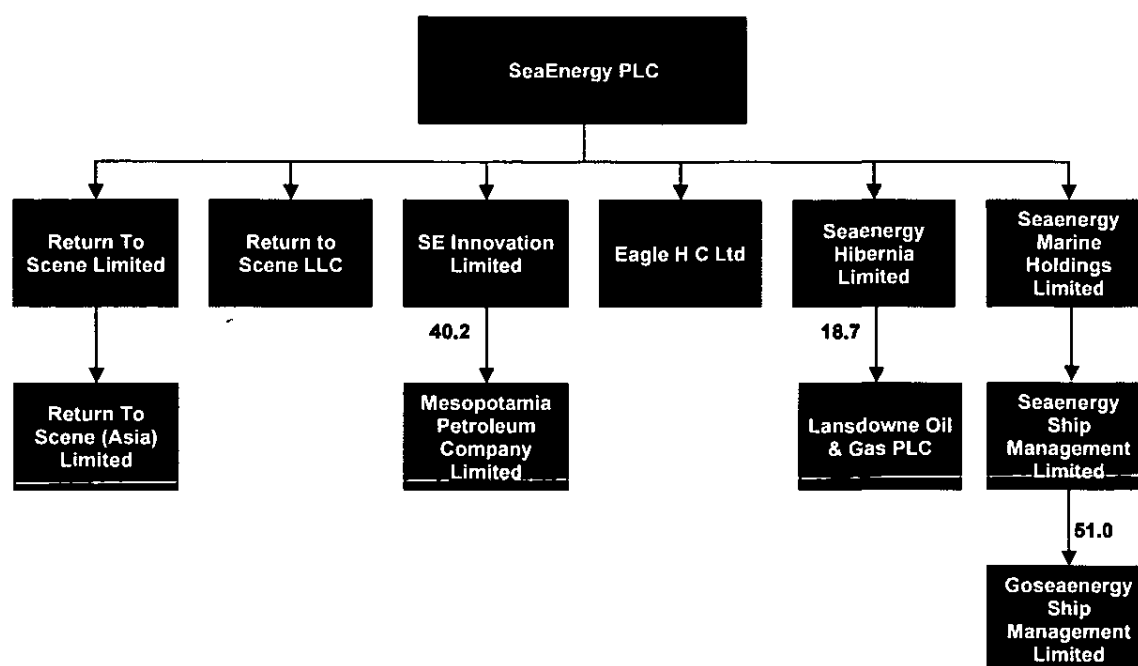
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.

G.A. 

pp Geoffrey Jacobs  
Joint Administrator



## 2 Group structure



The above group structure chart includes all known subsidiary companies, excluding dissolved companies. Ownership is 100%, unless otherwise stated.

### SeaEnergy PLC ('PLC')

This is the holding company for the SeaEnergy Group.

### Return to Scene Limited ('R2S')

R2S contained the main trading business of the Group, and was sold to James Fisher on 2 June 2016, shortly after our appointment.

### Return to Scene (Asia) Limited

This is a dormant subsidiary of R2S.

### Return to Scene LLC ('LLC')

This was a US subsidiary previously owned by R2S. Prior to our appointment, ownership of LLC was transferred to PLC by the directors. On 2 June 2016, James Fisher purchased an option to acquire the shares of LLC.

### Eagle H C Limited ('EHL')

EHL is a non-trading subsidiary that owns a number of Oil & Gas production royalties.



#### **SE Innovation Limited ('SEIL')**

This is a dormant company, which previously traded the forensic and Max&Co business of the Group. The business and assets of this company was transferred to R2S by the directors prior to our appointment.

#### **Mesopotamia Petroleum Company Limited**

Prior to our appointment, an application was lodged by PLC to strike-off this company on Companies House.

#### **SeaEnergy Hibernia Limited ('SHL')**

This is a holding company, which owns shares in Lansdowne.

#### **Lansdowne Oil & Gas PLC ('Lansdowne')**

This is an AIM listed company with oil and gas exploration rights in the Irish offshore shelf areas. The trading of these shares is currently suspended.

#### **SeaEnergy Marine Holdings Limited ('SMHL')**

SMHL is a holdings subsidiary of PLC.

#### **SeaEnergy Ship Management Limited**

Former operating company, which has been wound down. Contains historic creditor balances.

#### **GoSeaEnergy Ship Management Limited**

Prior to appointment, an application was been lodged by PLC to strike-off this company on Companies House.

## **3 Background and events leading to the administration**

### **3.1 Background information**

The Company was incorporated on 5 August 1977 in the name of Ramco Oil Services PLC. The Company has changed name a number of times and was renamed to SeaEnergy PLC on 24 September 2009.

The Company's principal activity was as the holding company of the SeaEnergy Group plc group of entities. PLC is AIM listed and had five wholly owned subsidiaries prior to the appointment of the Joint Administrators.

The Group had two principle trading entities: R2S and SEIL.





The principal activity of R2S and SEIL is provision of a visual asset management software package, which is used to assist companies or public services to photograph assets or situations for future interpretation. R2S mainly provides this service to the oil and gas sector, to record specific assets, while SEIL provides this service and the supply of software to other sectors including forensic crime scene investigations. SEIL also includes a creative design agency.

On 1 April 2015, the Forensics trading business and assets were transferred from R2S to SEIL, which was dormant at the time.

On 2 June 2016, shortly prior to our appointment, the trading business and assets of SEIL were transferred by the directors to R2S.

I have summarised below details of the other wholly owned subsidiaries:

- EHC is an investment company, holding two UK royalty interests in respect of oil and gas exploration fields;
- SHL is a non-operating Company, which holds 18.7% (approximately 30 million shares) of Lansdowne. Trading in the shares of Lansdowne are currently suspended; and
- SMHL was a former operating company and, whilst the business has been wound down, certain debtor balances remain.

Upon our appointment, PLC had 7 employees. Shortly prior to our appointment 7 of the 14 PLC employees were transferred to R2S by the Company directors.

### **3.2 Funding and financial position of the Company**

The Group had a group overdraft facility ("the Facility") with the Bank. The banking group was made up of PLC, R2S, SEIL and SMHL. The Bank had a first ranking floating charge security, dated 15 July 2014, over the assets of the Company, and was secured through full cross guarantees from R2S and SMHL. At the date of appointment, the Group's outstanding debt in relation to the facility totalled £686,570.

DNP and LPCPM hold second ranking floating charges dated 1 December 2015, which rank *pari passu*, over the assets of the Company, and secured through full cross guarantees from R2S and SEIL. We understand that at the date of appointment, the Company's outstanding borrowings in relation to DNP and LPCPM amounted to £1,000,000, excluding interest.

### **3.3 Events leading to the administration**

The Group began to experience cash flow challenges in late 2015 due to the ongoing oil price decline adversely impacting R2S and SEIL. The number of new business enquiries reduced significantly, as operators in the oil and gas sector began to cut costs and actively target reductions in both capital and operating expenditure.

In early 2016, trading conditions deteriorated further, and the Group embarked on certain cost cutting measures.

On 4 March 2016, the Group announced to the stock market that it was facing significant cash flow difficulties and would need to consider a sale of the main assets of the Group, or the Group's businesses would be unable to continue trading beyond May 2016.

The Group began a targeted marketing exercise for the sale of the Group. During this process, a verbal offer was obtained for R2S. The directors did not believe that this offer was at an acceptable level.



### **3.4 Pre-administration work**

The Group and the Bank initially engaged KPMG, on a joint basis to carry out an assessment of the short term liquidity position of the Group (on 21 April 2016). Towards the end of April 2016, it became clear that the Group would likely not have enough cash availability to fund the business to the conclusion of the ongoing sale of business process.

The Group instructed KPMG (on 28 April 2016) to commence an accelerated sale of business process. The Group requested that the shares of PLC were suspended on 26 April 2016, pending clarification of its financial position.

At the time of our appointment, and in accordance with the statutory requirements, we fully disclosed to the Court the details of the work carried out by KPMG up to that time.

We are satisfied that the work KPMG carried out before our appointment has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

### **3.5 Appointment of Joint Administrators**

The directors of the Company lodged the notice of appointment at the Court of Session on 2 June 2016 and we were duly appointed.

## **4 Strategy and progress of the administration to date**

### **4.1 Strategy to date**

#### **Strategy**

We assessed the financial and operational position of the Company to determine the appropriate strategy which would maximise realisations for the benefit of all creditors.

A review of possible courses of action was undertaken, and comparisons were made to assess the likely outcome for creditors from the various options. It was clear that an immediate sale of R2S was the best option to generate the maximum recoveries for creditors.

On appointment, we immediately took steps to secure and insure the assets of the Company, where appropriate. As the main trading subsidiary of the Group was sold upon our appointment, there was no ongoing work-in-progress, and it was not deemed appropriate to continue to trade the Company.

#### **Sale of business**

KPMG formally commenced a marketing process to sell the Group's assets on 29 April 2016.

A number of offers were received. The offer from James Fisher was accepted as this represented the best return for creditors. Shortly after our appointment on 2 June 2016, the Company's entire 100% shareholding in R2S was sold to James Fisher for an initial consideration of £1,660,322. Further amounts of up to £150,000 may be received depending on R2S's performance against agreed criteria.



Prior to our appointment 7 of the 14 Company's employees transferred to R2S. The Company ceased trading upon appointment and 3 employees were made redundant immediately, and 4 employees were retained on a short term basis to assist with the Administration. These employees were subsequently made redundant shortly thereafter.

The keys to the Premises will be returned to the landlord shortly.

Please refer to the SIP 16 Memorandum for further information on the sale of business (Appendix 5).

#### Other shareholdings

The Group consists of a number of subsidiary companies which hold Oil & Gas royalties, shares in Lansdowne and significant historical tax losses. If any parties wish to purchase any of these subsidiaries, please do not hesitate to contact Arfan Akram on 01224 416 968 or [arfan.akram@kpmg.co.uk](mailto:arfan.akram@kpmg.co.uk)

## 4.2 Asset realisations

Realisations from the date of our appointment to 8 June 2016 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

#### Sale of R2S shareholding

As detailed in Section 4.1, the Company's shareholding in R2S was sold for an initial consideration of £1,660,322 on 2 June 2016.

#### Equipment, fixtures and fittings

At the date of our appointment, the Company owned minimal equipment, fixtures and fittings, which were split across three locations, including the Company's Premises. Agents were instructed to provide a desktop valuation of the Company assets, and a valuation of between £5k and £10k was obtained.

The assets held at the Company premises are subject to the landlord's hypothec claim and there will be no recovery for the Administration.

We are currently considering the strategy regarding the assets held at the other two locations, and will provide an update in due course.

#### Trade debtors

The Company's debtor ledger at the date of Administration totalled £2,693.93. £1,112.48 was paid into the post appointment bank account, and was offset against the Bank's outstanding balance before the remainder of the bank's indebtedness was repaid in full on 7 June 2016 (Section 5.1 – Secured Creditors).

The remaining debtor balances are not yet due for payment, and we will continue to monitor the Company bank account for receipt.

The Company paid an electricity provider for electricity in April 2016 and May 2016, which is used by the Company and another entity operating from the same building. We will write to the electricity provider to obtain a statement detailing the electricity usage, and will re-charge this accordingly.



## Investigations

We are reviewing 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.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Arfan Akram at KPMG LLP, 37 Albyn Place, Aberdeen, AB10 1JB, United Kingdom

## 4.3 Costs

Payments made from the date of our appointment to 8 June 2016 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

### Property

Property holding costs have been incurred in relation to the post Administration period (i.e. rent, rates and utility costs). These costs will be settled in due course.

### Employees

We have incurred employee costs of £992.85 for the members of staff that were retained to assist the Joint Administrators. These will be settled in due course.

### Agents' fees

We have instructed agents to assist us with various matters including the valuation of moveable assets and the sale of EHC. These agent fees will be settled in due course.

### Solicitors' fees

Legal costs were incurred in the pre-appointment sale process which could not be settled but, where appropriate, will be paid as an expense of the Administration. Further legal work has been instructed post appointment, the cost of which will be settled in due course.

## 5 Dividend prospects

### 5.1 Secured creditors

As noted in Section 3.2, the Group had a group overdraft facility held with the Bank. The Bank held a first ranking floating charge security over the assets of PLC, which was secured through full cross guarantees from R2S and SMHL. DNP and LPCPM hold second ranking floating charges dated 1 December 2015, which rank *pari passu*, over the assets of PLC, and secured through full cross guarantees from R2S and SEIL.

The Bank, DNP and LPCPM discharged their securities over R2S and SEIL to enable the sale to complete, however, they retain their charges against PLC.

The Bank's claim at the date of Administration totalled £686,570. This was repaid, in full, to the Bank on 7 June 2016.

We understand that the Company's total outstanding borrowings in relation to DNP and LPCPM were £1,000,000 at the date of appointment (excluding interest).



We are not aware of any personal guarantees in respect of the secured debt.

An interim distribution of £100,000 is to be paid to DNP and LPCPM shortly.

Based on current estimates, we anticipate that there will be sufficient funds available to enable further distributions to be made, however, it is not possible to confirm the timing or final level of recovery which will be achieved by the floating charge holders at this time, as this will be dependent inter alia on the amounts realised in respect of the EHC and SHL shares.

## **5.2 Preferential creditors**

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

Based on the information available to us, we currently estimate the amount of preferential claims at the date of our appointment to be £27,315.

Preferential creditors will receive a dividend of 100 pence in the pound. It is not currently possible to determine the exact timing of dividend payments, however, we will be looking to make these as soon as possible. (Section 5.2 – Dividend prospects).

## **5.3 Unsecured creditors**

Based on current estimates, we anticipate that unsecured creditors will receive a dividend under the prescribed part. It appears unlikely that there will be sufficient funds to enable a ranking dividend to be paid to unsecured creditors.

# **6 Ending the administration**

## **6.1 Exit route from administration**

We currently consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

At this stage we anticipate that there will be insufficient funds to pay a ranking dividend to unsecured creditors and we will most likely file notice to move from administration to dissolution after the prescribed part dividend has been paid by the Joint Administrators.

## **6.2 Discharge from liability**

We propose to seek approval from the Company's creditors that the Joint Administrators be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Such a discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 7.1 for details regarding the meeting of creditors.

## **7 Approval of proposals and creditors' meeting**

### **7.1 Creditors' meeting**

It is not necessary to hold a meeting of creditors because it appears that the Company has insufficient property to enable us to make a distribution to unsecured creditors other than by virtue of the Prescribed Part as detailed in Appendix 1.

### **7.2 Creditors' right to request an initial creditors' meeting**

We will summon such a meeting (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for an initial creditors' meeting must be made within eight business days of the date on which our proposals were issued. They must include:

- a list of the creditors concurring with the request, showing the amounts of their respective claims against the Company in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a creditors' meeting, please contact Arfan Akram on 01224 416968 to obtain the requisite forms.

### **7.3 Deemed approval of proposals**

On expiry of eight business days from the date our proposals were issued, without any request for an initial creditors' meeting, it will be deemed that our proposals have been approved by creditors.

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

### **8.1 Approval of the basis of remuneration and disbursements**

We propose to seek approval from the secured creditors and preferential creditors that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- 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 3.

Agreement to the basis and amount of our remuneration and outlays and the drawing of Category 2 disbursements is subject to specific approval. They are not agreed as part of our proposals.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis and amount of remuneration and outlays and the drawing of Category 2 disbursements.

#### Time costs

From the date of our appointment to 8 June 2016, we have incurred time costs of £61,948. These represent 177.45 hours at an average rate of £349.10 per hour.

#### Disbursements

No disbursements have been incurred during the period.

#### Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 8 June 2016. We have also attached our charging and disbursements recovery policy.

## 8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
KPMG fees (excluding VAT)	51,500	50,000	101,500

The paid fees noted above were paid by the Company prior to the appointment. The fees noted as unpaid are due to be paid by the bank. The Company incurred legal costs in respect of the pre-administration work undertaken. Once we receive confirmation of the total balance outstanding, this will, where appropriate, be settled as a cost of the Administration.

## 9 Summary of proposals

As noted in Section 4.1, the main trading businesses of the Group were sold upon our appointment, and there was no remaining ongoing work, therefore being able to rescue the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:



#### General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

#### Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

#### Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Geoff Jacobs, Blair Nimmo and Tony Friar, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into liquidation and to consider, if deemed appropriate, appointing us, Geoff Jacobs, Blair Nimmo and Tony Friar, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in a liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

#### Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3; and
- 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 3.

#### Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.





## Appendix 1 Statutory information

### Company information

Company and Trading name	SeaEnergy PLC
Date of incorporation	5 August 1977
Company registration number	SC062845
Trading address	Britannia House, Endeavour Drive; Arnhall Business Park, Westhill, Aberdeenshire, AB32 6UF
Previous registered office	Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6UF
Present registered office	KPMG LLP, 37 Albyn Place, Aberdeen, AB10 1JB
Company Directors	John Homser Aldersey-Williams – 1,769,596 David Kemlo Laing – 80,000 Steven Ross Bertram – 2,230,133 Steven George Lampe – 4,018,836 David Sigsworth – 60,000 Source: CAPITA Shareholder Analysis report (30 January 2016)
Company Secretary	Steven Ross Bertram – 2,230,133 Source: CAPITA Shareholder Analysis report (30 January 2016)

### Administration information

Administration appointment	The administration appointment granted in Court of Session, P526 of 2016
Appointor	Directors
Date of appointment	2 June 2016
Joint Administrators	Geoff Jacobs, Blair Nimmo and Tony Friar
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
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	1 June 2017
Prescribed Part	The Prescribed Part is applicable on this case It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £1,215,000. Estimated Prescribed Part is £246,000.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a prescribed part distribution to the unsecured creditors.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.



## Appendix 2      Joint Administrators' receipts and payments account

### SeaEnergy PLC - in Administration

Statement of affairs (£)	From 02/06/2016 To 10/06/2016 (£)	From 02/06/2016 To 10/06/2016 (£)
<b>FIXED CHARGE ASSETS</b>		
Sale of Business	1,660,322.00	1,660,322.00
	<u>1,660,322.00</u>	<u>1,660,322.00</u>
<b>FLOATING CHARGE CREDITORS</b>		
Floating charge	(686,569.51)	(686,569.51)
	<u>(686,569.51)</u>	<u>(686,569.51)</u>
	<b><u>973,752.49</u></b>	<b><u>973,752.49</u></b>
<b>REPRESENTED BY</b>		
Floating charge current		973,752.49
		<u><b>973,752.49</b></u>



## Appendix 3 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 Administrators' Remuneration Scotland" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

[https://www.r3.org.uk/media/documents/technical\\_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf](https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf)

If you are unable to access this guide and would like a copy, please contact Arfan Akram on 01224 416968.

### 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	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

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.

We have incurred the following disbursements during the period 2 June 2016 to 8 June 2016.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
<b>Total</b>	<b>NIL</b>		<b>NIL</b>		<b>NIL</b>

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 2 June 2016 to 10 June 2016

The key areas of work have been:

Appointment and related formalities, statutory advertising, bonding and bordereau	<ul style="list-style-type: none"><li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, The Registrar of Inhibitions and Adjudications, creditors and other stakeholders, and advertising our appointment;</li><li>■ collating initial information to enable us to carry out our statutory duties, including creditor information and details of assets;</li><li>■ ensuring compliance with all statutory obligations within the relevant timescales;</li><li>■ liaising with NOMAD regarding matters surrounding AIM listing requirements;</li><li>■ providing notification of our appointment to shareholders;</li><li>■ liaising with legal agents regarding various instructions;</li><li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration; and</li><li>■ dealing with queries arising during the appointment;</li><li>■ all communications and statutory matters to comply with SIP 16 which involves</li></ul>
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	<ul style="list-style-type: none"> <li>■ significant creditor correspondence/reports;</li> <li>■ reviewing agreements with regard to equipment services provided to the Company by third parties and related communications;</li> <li>■ issuing press releases and posting information on a dedicated web page; and</li> <li>■ arranging bonding and complying with statutory requirements.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews; and</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ preparing and processing vouchers for the funds received into the Administration bank account; and</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>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs; and</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> </ul>
General	<ul style="list-style-type: none"> <li>■ locating relevant Company books and records, arranging for an inventory to be prepared prior to their collection, arranging their collection and dealing with the ongoing storage;</li> <li>■ liaising with Company IT providers to ensure appropriate back-ups of the Company books and records are secured; and</li> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9.</li> </ul>
Creditors, shareholders and claims	<ul style="list-style-type: none"> <li>■ drafting proposals;</li> <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>■ responding to enquiries from shareholders regarding the administration;</li> <li>■ agreeing secured claims; and</li> <li>■ arranging distributions to the secured creditors.</li> </ul>
Reports to secured creditors	<ul style="list-style-type: none"> <li>■ providing written and oral updates to secured creditors, their representatives and the directors regarding the progress of the administration and case strategy.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ collating employee information;</li> <li>■ dealing with queries from employees regarding various matters relating to the administration and their employment;</li> <li>■ calculating employee claims;</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</li> <li>■ preparing the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns;</li> <li>■ communicating and corresponding with HM Revenue and Customs; and</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office.</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes;</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions;</li> <li>■ ensuring compliance with our duties to issue statutory notices; and</li> <li>■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.</li> </ul>
Investigations/directors	<ul style="list-style-type: none"> <li>■ liaising with management regarding the Statement of Affairs and filing this document with the Registrar of Companies.</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ reviewing outstanding debtors and Company credit control staff of debt collection strategy;</li> <li>■ extensive correspondence with directors and other agents regarding the sale of the Company's investments;</li> <li>■ obtaining legal advice regarding the sale of Company's shareholding in R2S;</li> </ul>

	<ul style="list-style-type: none"> <li>■ liaising with James Fisher regarding the sale of the Company's shareholding in R2S;</li> <li>■ liaising with agents with regard to concluding a sale of the Company's shareholding in R2S; and</li> <li>■ instructing agents to undertake a marketing process for the shares held in subsidiary 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; and</li> <li>■ liaising with plant agents regarding the Company's office equipment, fixtures and fittings.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; and</li> <li>■ completing Health and Safety Questionnaire.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets.</li> </ul>

Time costs

**SIP 9 – Time costs analysis (02/06/2016 to 10/06/2016)**

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
<b>Administration &amp; planning</b>							
Statutory and compliance							
Appointment and related formalities	6.50	7.10	34.20		<b>47.80</b>	16,497.00	345.13
Statutory advertising		0.90	0.60		<b>1.50</b>	604.50	403.00
Bonding and bordereau		1.20	1.20		<b>2.40</b>	918.00	382.50
Strategy documents	1.50	1.20	2.20		<b>4.90</b>	2,000.50	408.27
Checklist & reviews		2.10	3.20		<b>5.30</b>	1,914.50	361.23
Cashiering							
General (Cashiering)			0.80		<b>0.80</b>	224.00	280.00
Tax							
Post appointment corporation tax		.40	.70		<b>1.10</b>	358.00	325.45
General							
Books and records		1.20	14.10		<b>15.30</b>	4,530.00	296.08
Fees and WIP			0.20		<b>0.20</b>	56.00	280.00
<b>Creditors</b>							
Creditors and claims							
General correspondence			4.30		<b>4.30</b>	1,174.00	273.02
Payment of dividends		1.30	0.60		<b>1.90</b>	798.50	420.26
Secured creditors	2.90		0.80		<b>3.70</b>	1,775.50	479.86
Statutory reports	0.80	11.80	11.20	1.00	<b>24.80</b>	8,636.00	348.23
Employees							
Correspondence			27.80		<b>27.80</b>	7,394.00	265.97
<b>Investigation</b>							
Directors							
Correspondence with directors		2.30	1.80		<b>4.10</b>	1619.50	395.00
<b>Realisation of assets</b>							
Asset Realisation							
Cash and investments	7.00	11.70	4.20		<b>22.90</b>	10,595.50	462.69
Debtors			1.70		<b>1.70</b>	476.00	280.00
Sale of business		2.10			<b>2.10</b>	1,018.50	485.00
Leasehold property			1.90		<b>1.90</b>	532.00	280.00
Office equipment, fixtures & fittings			1.80		<b>1.80</b>	504.00	280.00



**SIP 9 – Time costs analysis (02/06/2016 to 10/06/2016)**

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Health & safety			0.80		<b>0.80</b>	224.00	280.00
Open cover insurance			0.40		<b>0.40</b>	112.00	280.00
<b>Total in period</b>	<b>18.70</b>	<b>43.30</b>	<b>114.45</b>	<b>1.00</b>	<b>177.50</b>	<b>61,962.00</b>	<b>349.08</b>

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	177.50	61,962.00
Carry forward time (appointment date to SIP 9 period end date)	177.50	61,962.00





## Appendix 4 Estimated financial position

The Directors were due to provide a Statement of the Affairs of the Company by 13 June 2016.

An extension has been requested by the Directors to ensure the required information can be collated, and a short extension has been granted. Once received, the Statement of Affairs will be filed with the Registrar of Companies and published on the Administration portal.

Please note that disclosure of the contents of the Statement of Affairs may be restricted with the Court's permission if it is considered that disclosure would be adverse to the interests of creditors.

As a Statement of Affairs has not been provided, details of the financial position of the Company at the latest practicable date, are given below. This does not show estimated to realise values.

SeaEnergy PLC – Net asset position as at 31 January 2016 per the management accounts

### Non-Current assets

Intangible Assets	39,311
Property, plant & equipment	22,298
Investments	10,975,001

### Current assets

Trade and other receivables	115,709
Total assets	<u>11,152,319</u>

### Current liabilities

Trade and other payables	(790,849)
Cash and cash equivalents	(2,415,266)
Provisions	(46,000)

### Non-current liabilities

Loans and borrowings	(800,000)
Total Liabilities	<u>(4,052,115)</u>

### Net Assets

7,100,204

Source: SeaEnergy PLC January 2016 management accounts

For the avoidance of doubt, the above does not reflect the realisable asset position as at the date of appointment. The investment figure largely relates to an investment in R2S. As detailed in section 4.2 (Asset Realisations), the realisable value of R2S was £1,660,322.



A schedule of the known creditors' names, addresses, debts and details of any security held is available on the following website <http://www.insolvency-kpmg.co.uk/case+KPMG+SG601C3342.html>.

Creditors should note that as the Company may not have completed updating its ledgers to the date of appointment, the balances stated may be revised.

This information has been extracted from the Company's books and records and we have not carried out anything in the nature of an audit on this information. The figures do not take into account the costs of the administration.

Please note that the actual level of asset recoveries and claims against the Company may differ materially from the amounts included in the statement above.



## SeaEnergy PLC – in Administration SIP 16 memorandum of sale of business

This statement is made in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 1 November 2015. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who affects the sale immediately on, or shortly after, his appointment. SIP 16 can be located via this link to the ICAS website - [https://www.icas.com/\\_data/assets/pdf\\_file/0006/173688/SIP-16-Pre-Packaged-Sales-in-Administrations-October-2015.pdf](https://www.icas.com/_data/assets/pdf_file/0006/173688/SIP-16-Pre-Packaged-Sales-in-Administrations-October-2015.pdf)

### Background

SeaEnergy plc ("PLC", company registration number SC082845) was incorporated on 5 August 1977 in the name of Ramco Oil Services plc. PLC has changed name a number of times and was renamed to SeaEnergy plc on 24 September 2009.

PLC is AIM listed and is the holding company of the SeaEnergy plc group of entities (the "Group"). The Group has two principle trading entities, Return to Scene Limited ("R2S", company registration number 06665749) and SE Innovation Limited ("SEIL", company registration number SC130699).

PLC has five wholly owned subsidiaries, the details of which are noted below:

- R2S and SEIL – Operating companies;
- SeaEnergy Hibernia Limited ("SHL", company registration number 05565843) – A non-operating company which holds 18.7% (approximately 30 million shares) of Lansdowne Oil & Gas plc ("Lansdowne", company registration number 05662495). Trading in the shares of Lansdowne are currently suspended.
- SeaEnergy Marine Holdings Limited ("SMHL", company registration number SC397759) – A former operating company and, whilst the business has been wound down, certain debtor balances remain;
- Eagle H C Limited ("EHC", company registration number 05977716) – An investment company holding two UK royalty interests in respect of oil and gas exploration fields.

The principal activity of R2S and SEIL is provision of a visual asset management software package, which is used to assist companies or public services to photograph assets or situations for future interpretation. R2S mainly provides this service to the oil and gas sector, to record specific assets, while SEIL provides this service and the supply of software to other sectors including forensic crime scene investigations. SEIL also includes a creative design agency.



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For the year ending 30 December 2014, the Group posted turnover of £7.4 million with a loss before tax of £2.4 million.

PLC has 56,364,823 10p shares in issue, of which 10,432,400 shares are not in public hands. The largest shareholder holds 7.5% of the total share capital. Trading in the shares of PLC has been suspended since 26 April 2016.

The Group has a group overdraft facility ("the Facility") with HSBC Bank PLC ("the Bank"). The banking group is made up of PLC, R2S, SEIL and SMHL. The Bank has a first ranking floating charge security, dated 15 July 2014, over the assets of PLC, and is also secured through full cross guarantees from R2S and SMHL. The Group's outstanding bank debt is approximately £687,000.

The Group began to experience cash flow challenges in late 2015, due to the ongoing oil price decline adversely impacting R2S, which resulted in client orders being cancelled or postponed, and the number of new business enquiries reduced significantly, as operators in the oil and gas sector began to cut costs and actively target reductions in both capital and operating expenditure.

During November 2015, PLC agreed two separate loan amounts, each of £500,000, from Davies Newman Property Limited ("DNP") and LP Capital Master Fund Limited ("LPCPM"). DNP and LPCPM have second ranking floating charges dated 1 December 2015, which rank pari passu, over the assets of PLC, and secured through full cross guarantees from R2S and SEIL. On the date of appointment, PLC's outstanding borrowings in relation to DNP and LPCPM was £1,000,000.

As part of the package of funding, PLC agreed to lease a property from DNP with effect from 1 September 2016.

In early 2016, trading conditions began to deteriorate further, and the Group embarked on certain cost cutting measures.

On 4 March 2016, the Group announced to the stock market that it was facing significant cash flow difficulties and would need to consider a sale of the main assets of the Group, or the Group's businesses would be unable to continue trading beyond May 2016.

In March 2016, the Group began a targeted marketing exercise for the sale of the Group. At that stage, the Group had approximately 47 employees (14 in PLC, 19 in R2S, 11 in SEIL and 3 in LLC).

## Initial introduction

KPMG LLP ("KPMG") were introduced to the Group by the Bank on 20 April 2016.

## Pre-appointment considerations

The Group and the Bank initially engaged KPMG on 21 April 2016 to carry out an assessment of the Group's short term liquidity position of the Group. From the review, it was clear that the Group would not have enough cash availability to fund the business to the conclusion of the sale of business process in May 2016. The Group subsequently instructed KPMG on 28 April 2016 to commence an accelerated sale of business process. Separately, on 26 April 2016, the Group also requested that the shares of PLC be suspended, due to its financial position.



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The Bank, DNP and LPCPM were provided with regular updates following the initial engagement.

A review of other possible courses of action was undertaken, and comparisons were made to assess the likely outcomes for creditors from the options, which included but were not limited to:

1. Continued trading with no insolvency appointment

At the beginning of May 2016, the Group forecast an additional cash requirement of approximately £300,000 for the period to the end of June 2016.

In the absence of a turnaround plan, and given the financial position of the Group, neither the Bank nor the second ranking floating charge holders were prepared to provide the cash injection required by the Group.

As such the directors concluded that an Administration appointment was required.

2. Continued trading on a limited basis following appointment

A significant element of the Group's value is in the intellectual property ("IP") of the visual asset management software. As it is unlikely that an administrator would have been able to secure sufficient funding to continue trading the business in its entirety, significant overhead costs would need to be removed from the business. This would likely involve significant redundancies, which could have led to significant value erosion of the IP, as:

- a. The staff hold a significant amount of key knowledge regarding the business, operations and systems;
- b. the systems could not be properly operated, maintained and preserved; and
- c. Customers could seek to cancel planned works due to uncertainty.

There is also a risk that any key members of staff, who were not made redundant, could leave the business, given the uncertainty over the outcome of any post appointment sales process.

3. 'Break up' sale

It was clear that a 'Break up' sale (individual sale of all of the assets of the Group) would result in the inherent value in the business and IP as a whole (as set out in 2. above), being lost under such an option.

The work carried out indicated that none of those options would have given rise to a better outcome for creditors than an administration appointment followed by an immediate sale of the shares of R2S.

## Marketing of the business and assets

The Group commenced a sale process on 4 March 2016. A total of 23 parties were approached and offered the opportunity to buy either the entire Group, certain subsidiaries, or certain assets.

Interested parties were identified by the directors of PLC, and included trade buyers ("Trade") and private equity houses ("PE"). 10 companies entered into a confidentiality agreement with the Group and were provided with access to a data room, which contained an information memorandum.

No deadline for offers was set, but the Group advised all interested parties that a transaction would require to be completed by the end of May 2016. During this process, a verbal offer was obtained for R2S, which the directors believed was not at an acceptable level. Shortly



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following receipt of this offer, the Group instructed KPMG to commence a wider marketing process.

KPMG formally commenced the wider marketing process on 28 April 2016. The timeline for the marketing of the business and sale process was accelerated on the basis that a transaction needed to be concluded by the end of May 2016, with there being a significant risk that the Group would be unable to fund the cash flow demands of the business beyond this date. Ceasing to trade would have a significant adverse impact on the value of the business (as outlined above).

The deadline for initial offers was 9 May 2016 with the aim of agreeing a sale and purchase agreement by the end of May 2016.

The KPMG led marketing process was significantly expanded and included Trade, PE, distressed debt lenders and investors and high net worth individuals. In total, 198 parties were contacted with an initial information flyer and follow-up calls were made to all parties initially contacted by the Group.

A further 12 parties, bringing the total to 22, entered into a confidentiality agreement with the Group and all of these parties were provided access to the data room and information memorandum.

As at 12 May 2016 the Group had received four written bids, ranging from offers for the entire Group to bids for individual subsidiaries and/or assets. The offers were analysed, and a preferred bidder was selected. The offer from the preferred bidder, a credible operator with a strong track record of deal completion, represented the best possible return to creditors, the most certainty of completion within the required timeframes, and included a non-refundable deposit of £100,000, which was paid on 13 May 2016.

It was not deemed necessary to formally advertise the business online. As noted above, the Group formally announced to the stock exchange on 4 March 2016 that it was facing significant cash flow difficulties and was looking to sell the assets of the Group. This announcement was covered by various online media outlets, including BBC News and the Scotsman. We consider that this announcement was sufficiently covered in the press to alert potential interested parties to the sale of business process.

## Valuation of the business and assets

As detailed above in "marketing of the business and assets", the Group has run an extensive sales process which has included contacting 198 potential interested parties. On the basis the market has been extensively tested through the accelerated sale process, and funding was not available to permit a longer process, the Joint Administrators believe that the process has maximised the value for PLC's assets.

To provide some additional comfort on the value obtained, the Group separately instructed Metis Partners Limited ("Metis") and GMG Asset Management (UK) Limited ("GMG"), to value the IP and fixed assets of the Group (respectively).

Metis is a commercial intellectual property consulting firm with a broad range of professional IP experience focused on the assessment, exploitation, valuation, monetisation and sale of intellectual property assets. Prior to commencing the IP valuation, Metis confirmed their independence and that they carry adequate professional indemnity insurance.

GMG is a specialist appraiser and valuer, and has been providing a wide range of fixed asset valuation and disposal services for over 20 years. Prior to commencing the fixed asset



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valuation, GMG confirmed their independence and that they carry adequate professional indemnity insurance.

Metis provided a valuation range for the Group's IP, calculated on a distressed basis, of between £187,000 and £223,000.

GMG valued the Group's moveable assets on a break up basis at £48,500, and on an open market going concern basis at £71,000.

The offer received under the KPMG led marketing process was significantly in excess of the valuations.

## Purchaser and related parties

The purchaser is James Fisher Holdings UK Limited ("the Purchaser"), a company incorporated in England & Wales with company number 09869339.

There is no connection between the Purchaser and PLC, R2S, SEIL or any other companies in the Group.

There is also no connection between the Purchaser and the Group's directors, shareholders or the Bank.

The Joint Administrators were advised by Burness Paul LLP.

The Purchaser was independently advised by EC Hambro Rabben & Partners Limited.

The Purchaser is a 100% owned subsidiary of James Fisher and Sons plc, an audit client of KPMG.

## Assets

PLC's entire 100% shareholding in R2S was sold.

Prior to the sale, the following transactions were implemented by the directors of the relevant companies:

- the Business and assets of SEIL, including the contracts, employees, IP and fixed assets were sold to R2S in exchange for consideration of £30,033;
  - The business and assets of SEIL had been transferred from R2S to SEIL in April 2015 for £17,500.
- The shares of R2S' American subsidiary, Return to Scene USA LLC ("LLC", charter number 40798350K) were transferred to PLC for no consideration, as LLC is in a net liability balance sheet position;
- LLC granted an option to allow the Purchaser to buy the business and assets of LLC, with the Purchaser paying \$50,000 (approximately £34,625) to LLC for the option.

The investments of SHL and EHC were not included in the transaction. The Joint Administrators are running a separate sales process to realise these assets.



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## The transaction

The transaction was completed on 2 June 2016.

As part of the transaction, the Bank agreed to waive its guarantee and floating charge over the assets of R2S. DNP and LPCPM agreed to waive their guarantees and floating charges over the assets of R2S and SEIL.

We understand that consideration paid to SEIL will be used by the directors of SEIL to settle third party trade creditor balances with any surplus funds being paid to PLC in respect of the amounts due from SEIL.

## Sale consideration

The total sale consideration is £1,840,355 plus a contingent £100,000, which is payable on the successful assignation of certain of R2S' framework agreements.

£1,690,355 was paid on completion, being the full non-contingent consideration of £1,840,355 less the non-refundable deposit of £100,000, less a retention of £50,000, which is subject to finalisation of the working capital position as at the transaction date.

There are no options or other conditions attached to the sale.

## Conclusion

PLC entered into administration with the stated objective of achieving a better result for the PLC's creditors as a whole than would be likely if the PLC were wound up (without first being in administration).

The pre-packaged sale has enabled the Joint Administrators to achieve this purpose by generating value which would almost certainly have been lost if a liquidation or break up sale had required to be undertaken.

The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best available outcome in all the circumstances.

The likely outcome is that there should be sufficient funds to allow payment of the preferential creditors (certain aspects of employee claims), settlement of the Bank debt in full, a payment to the second ranking floating charge holders and a payment to the unsecured creditors under the Prescribed Part. This is a better outcome for the creditors as a whole than would have been possible if the verbal offer for the Group's assets, prior to KPMG's involvement, was accepted.



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## Appendix 6      Glossary

<b>Bank</b>	HSBC Bank PLC
<b>Company/PLC</b>	SeaEnergy PLC- in Administration
<b>Group</b>	The Company together with: R2S, Return to Scene (Asia) Ltd, LLC, SEIL, Mesopotamia Petroleum Company Ltd, EHC, SHL, Lansdowne, SMHL SeaEnergy Ship Management Ltd and Goseaenergy Ship Management Ltd
<b>Joint Administrators/we/our/us</b>	Geoffrey Isaac Jacobs, Blair Carnegie Nimmo and Gerard Anthony Friar
<b>KPMG</b>	KPMG LLP
<b>R2S</b>	Return to Scene Limited
<b>LLC</b>	Return to Scene LLC
<b>SEIL</b>	SE Innovation Limited
<b>EHC</b>	Eagle HC Limited
<b>SHL</b>	SeaEnergy Hibernia Limited
<b>Lansdowne</b>	Lansdowne Oil & Gas plc
<b>SMHL</b>	SeaEnergy Marine Holdings Limited
<b>The Purchaser/James Fisher</b>	James Fisher Holdings (UK) Limited
<b>DNP</b>	Davies Newman Properties Limited
<b>LPCPM</b>	LP Capital Master Fund

Any references in these proposals 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 (Scotland) Rules 1986 respectively.



## Appendix 7      Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Geoffrey Isaac Jacobs, Blair Carnegie Nimmo and Gerard Anthony Friar, the Joint Administrators of SeaEnergy PLC – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes 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.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

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

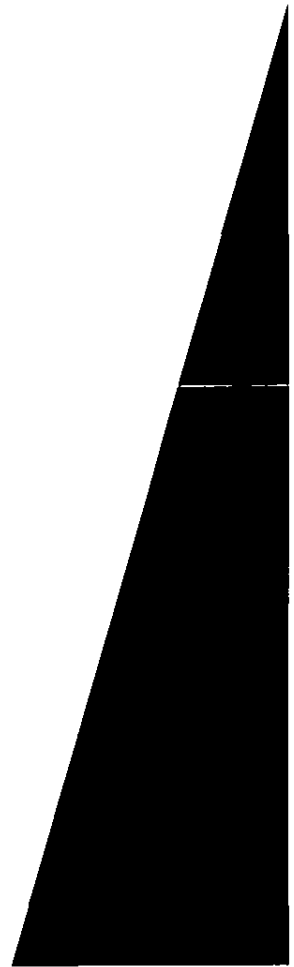
Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Geoffrey Isaac Jacobs and Blair Carnegie Nimmo and Gerard Anthony Friar are authorised to act as insolvency practitioners 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 these proposals or the conduct of the administration.





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