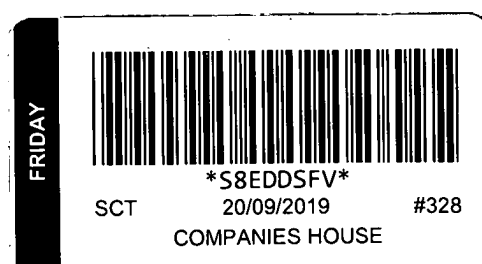


LIONEL BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

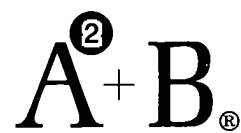


LIONEL BIDCO LIMITED

COMPANY INFORMATION



Directors	J A Wilson K W Nelson
Company secretary	Burness Paull LLP
Registered number	SC484003
Registered office	Union Plaza (6th Floor) 1 Union Wynd Aberdeen AB10 1DQ
Independent auditor	Anderson Anderson & Brown Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU



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Introduction

Lionel Bidco Limited is part of Rigmar Group (Holdings) Limited ("the group") which was incorporated on 8 August 2014 with the aim of providing market leading technical services for marine operations and asset integrity. The Group has continued to extend its offering of technical services across assets classes and geographies focusing on extending the asset life and operational uptime of clients' assets. The company's principal activity is that of a centralised management company.

Business review

The Group's financial performance is reflective of an improvement in oil and gas market activity and a diversification in to new markets while also sustaining a cost base to allow for an increase in activity as is being experienced in 2019.

The directors are confident in the Group's strategic focus on technical services with actions being taken during the course of the year to ensure the Group remained competitive within the low oil price environment and is now able to take advantage of increased demand as a result of the continuing increase in the oil price during 2018 and expected into 2019:

- a) Operational Efficiencies: the implementation of a new ERP system in 2016 has enabled the Group to continue to maintain a high level of control with an increased volume of work.
- b) Integrated Services: The Group continues to package integrated services to offer innovative and integrated technical solutions to clients.
- c) Balance Sheet Restructuring: The majority shareholder acquired the Group's external secured debt and invested capital to allow it to realise the growth opportunities in 2019.

The directors are of the opinion that the Group is both highly competitive in the oil and gas sector and in other industrial sectors. The Group has already seen a significant increase in activity during 2019 winning s flagship civils and windfarm contract.

Principal risks and uncertainties

The principal business risks and uncertainties affecting the company are considered to relate to competition from similar business, activity levels within the oil and gas sector and the volatility in the oil price.

Financial key performance indicators

The directors monitor turnover and profitability as key performance indicators. The directors believe the profit and loss account presented gives sufficient information to assess performance.

This report was approved by the board and signed on its behalf.



K W Nelson
Director

Date: 17.09.2019

LIONEL BIDCO LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**



The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £NIL (2017 - loss £2,650,000).

Directors

The directors who served during the year were:

J A Wilson
K W Nelson

Future developments

While the market for offshore oil and gas activity will remain challenged, it is the directors' impression that 2019 and 2020 will be pivotal for the industry with oil companies taking advantage of strengthened balance sheets and low unit costs to conduct incremental projects (workovers, infill drilling, step-out wells). The Group has already witnessed an increase in inquiries, tenders and awards, and with the actions taken in 2016, the Group is well placed to extend its market share delivering cost effective yet profitable technical services, while also continuing its diversification in to other sectors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.


Post balance sheet events

The majority shareholders acquired the Group's external secured debt in March 2019 and subsequently agreed to a standstill on repayment terms and covenants. No loan repayments or interest will be payable until March 2020 although interest will continue to accrue during this period. The renegotiation also included additional funding of £900k being injected into the group in 2019. This funding will be used to provide additional working capital funds to the group.

Auditor

The auditor, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
K W Nelson
Director

Date: 17.09.2019

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Lionel Bidco Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.4 in the financial statements, which indicates that there remains uncertainty over whether the market will improve as anticipated in the financial projections which will enable the group to achieve budgeted EBITDA. As stated in note 2.4, these events or conditions, along with the other matters as set forth in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LIONEL BIDCO LIMITED (CONTINUED)**



Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

LIONEL BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LIONEL BIDCO LIMITED (CONTINUED)



Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anderson Anderson & Brown Audit LLP

John Black (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View

Prime Four Business Park

Kingswells

Aberdeen

AB15 8PU

Date: *17 SEPTEMBER 2019*

LIONEL BIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018



	Note	2018 £	2017 £
Turnover	3	1,417,089	726,210
Gross profit		<u>1,417,089</u>	<u>726,210</u>
Administrative expenses		(305,227)	(229,063)
Exceptional administrative expenses		(46,755)	-
Operating profit	4	<u>1,065,107</u>	<u>497,147</u>
Amounts written off investments		-	(2,650,000)
Interest payable and expenses	7	(1,065,107)	(497,147)
Profit/(loss) before tax		<u>-</u>	<u>(2,650,000)</u>
Tax on profit/(loss)	8	-	-
Profit/(loss) for the financial year		<u><u>-</u></u>	<u><u>(2,650,000)</u></u>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 9 to 20 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018



	Note	2018 £	2017 £
Fixed assets			
Investments	10	15,965,383	15,965,383
		<u>15,965,383</u>	<u>15,965,383</u>
Current assets			
Debtors: amounts falling due within one year	11	11,140,417	11,262,323
Cash at bank and in hand	12	1,154	477
		<u>11,141,571</u>	<u>11,262,800</u>
Creditors: amounts falling due within one year	13	(2,499,467)	(3,483,904)
Net current assets		<u>8,642,104</u>	<u>7,778,896</u>
Total assets less current liabilities		<u>24,607,487</u>	<u>23,744,279</u>
Creditors: amounts falling due after more than one year	14	(17,550,156)	(16,686,948)
Net assets		<u><u>7,057,331</u></u>	<u><u>7,057,331</u></u>
Capital and reserves			
Called up share capital		10,964	10,964
Share premium account		10,952,726	10,952,726
Profit and loss account		(3,906,359)	(3,906,359)
		<u>7,057,331</u>	<u>7,057,331</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



K W Nelson
Director

Date: 17.09.2019

The notes on pages 9 to 20 form part of these financial statements.

1. General information

Lionel Bidco Limited is a company incorporated in Scotland. The registered office is Union Plaza, 6th Floor, 1 Union Wynd, Aberdeen, Aberdeenshire, AB10 1DQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Rigmar Group (Holdings) Limited as at 31 December 2018 and these financial statements may be obtained from Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2. Accounting policies (continued)

2.4 Going concern

The directors, having made due and careful enquiry including the preparation of detailed forecasts, review of the order book and anticipated market conditions, are of the opinion that the company has adequate working capital to execute their operations over the next 12 months.

Financial projections have been prepared for the group until 2021 which anticipate improving market conditions and the group achieving EBITDA of £0.38m in 2019, which is similar to its trailing twelve month EBITDA, but increasing to £1.69m in 2020. The financial statements have been prepared on a going concern basis due to the continuing availability of the support of investors. These funders have provided additional financial support earlier in 2019 through an injection of £900,000 to finance working capital (see note 29). Despite this, there remains uncertainty over whether the market will improve as anticipated which will enable the group to achieve the 2020 EBITDA. Accordingly it may be that further financial support from shareholders is required.

The directors, therefore, have made the informed judgement, at the time of approving the financial statements, that there is reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.14 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Management charges	1,417,089	726,210
	<u>1,417,089</u>	<u>726,210</u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Defined contribution pension cost	5,907	5,808
	<u>5,907</u>	<u>5,808</u>

5. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's annual accounts	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Employees

	2018 £	2017 £
Wages and salaries	184,277	187,146
Social security costs	22,705	22,077
Cost of defined contribution scheme	5,907	5,808
	<u>212,889</u>	<u>215,031</u>

The above costs relate to directors and key management during the year.

The highest paid director received remuneration of £112,324 (2017 - £111,351) and pension contributions of £635 (2017 - £352) during the year.

The average monthly number of employees, including directors, during the year was 2 (2017 - 4).

7. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	685,775	276,558
Other loan interest payable	239,332	80,589
Loans from group undertakings	140,000	140,000
	<u>1,065,107</u>	<u>497,147</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	-	(2,650,000)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2015 - 19.25%)	-	(510,034)
Effects of:		
Expenses not deductible for tax purposes	14,325	510,034
Group relief	(14,325)	-
Total tax charge for the year	-	-

Tax losses are available to carry forward. The deferred tax asset on these losses has not been recognised due to uncertainty over its future recoverability.

9. Exceptional items

	2018 £	2017 £
Exceptional legal costs	46,755	-
	46,755	-

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	19,865,383
At 31 December 2018	19,865,383
Impairment	
At 1 January 2018	3,900,000
At 31 December 2018	3,900,000
Net book value	
At 31 December 2018	15,965,383
At 31 December 2017	15,965,383

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Rigmar Services Limited	Supply of engineering works and non-destructive testing on oil rigs and civil engineering projects	Ordinary	100%
Interocean Marine Services Limited	Marine consultancy and offshore services to the worldwide oil and gas renewables market	Ordinary	100%
Rigmar Fabrication Limited	In liquidation	Ordinary	100%
Interocean Marine Services (Canada) Incorporated*	Marine consultancy and offshore services to the worldwide oil and gas renewables market	Ordinary	100%
Rigmar Middle East Oil Field Services L.L.C.**	Marine consultancy and offshore services to the worldwide oil and gas renewables market	Ordinary	100%

10. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Rigmar Services Limited	(9,614,085)	(1,401,945)
Interocean Marine Services Limited	4,117,166	(45,647)
Rigmar Fabrication Limited	(1,322,466)	-
Interocean Marine Services (Canada) Incorporated*	(297,027)	(106,696)
Rigmar Middle East Oil Field Services L.L.C.**	(19,572)	11,517

*Held via Interocean Marine Services Limited

**Held via Rigmar Services Limited

11. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	11,101,641	11,148,507
Other debtors	38,776	113,816
	<u>11,140,417</u>	<u>11,262,323</u>

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,154	477
	<u>1,154</u>	<u>477</u>

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	-	600,000
Trade creditors	810	1,410
Amounts owed to group undertakings	1,991,243	2,817,888
Other creditors	450,089	13,606
Accruals and deferred income	57,325	51,000
	<u>2,499,467</u>	<u>3,483,904</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



14. Creditors: Amounts falling due after more than one year

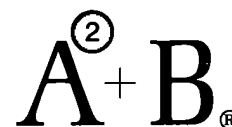
	2018 £	2017 £
Bank loans	6,693,721	6,276,346
Other loans	2,799,999	2,799,999
Amounts owed to group undertakings	8,056,436	7,610,603
	<u>17,550,156</u>	<u>16,686,948</u>

The company has provided a cross guarantee to Lionel Midco Limited, Lionel Bidco Limited, Rigmar Services Limited, Interocean Marine Services Limited and Rigmar Fabrication Limited which is supported by a bond and floating charge over all assets of the group in respect of indebtedness under the group banking facilities.

As 31 December 2018 the total indebtedness in respect of this guarantee was £6,750,781 (2017 - £6,900,000).

The company has provided a second ranking floating charge over all assets of the group in respect of the indebtedness under the £1,525,000 of convertible loan notes issued during 2016 and 2017.

The amounts due to and from group undertakings relate to unsecured intercompany loan notes. Interest is charged at 5% per annum. The loan notes are repayable at par on 31 December 2021. The loan note holders can request repayment at certain specified dates prior to 31 December 2021. These loan notes are subject to an inter creditor agreement between the loan lender and group companies, the terms of which prevent any repayment of loan notes if such payment would constitute a breach of the terms of the inter creditor agreement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	-	600,000
	<u>-</u>	<u>600,000</u>
Amounts falling due 1-2 years		
Bank loans	2,100,000	700,000
	<u>2,100,000</u>	<u>700,000</u>
Amounts falling due 2-5 years		
Bank loans	4,593,721	5,576,346
Other loans	2,799,999	2,799,999
	<u>7,393,720</u>	<u>8,376,345</u>

The repayment profile at 31 December 2018 reflects the terms of the post year end restructure of debt. See note 20.

16. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,154	477
Financial assets that are debt instruments measured at amortised cost	11,139,627	11,261,888
	<u>11,140,781</u>	<u>11,262,365</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(20,049,623)	(20,170,852)

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise amounts due from group undertakings

Financial liabilities measured at amortised cost comprise trade creditors, amounts due to group undertakings, other creditors, bank loans and overdrafts and accruals and deferred income.

17. Securities

The company has provided a cross guarantee to Lionel Midco Limited, Rigmar Services Limited, Interocean Marine Services Limited and Rigmar Fabrication Limited which is supported by a bond and floating charge over all assets of the group in respect of indebtedness under the group banking facilities.

As 31 December 2018 the total indebtedness in respect of this guarantee was £6,750,781 (2017 - £6,900,000).

The company has provided a second ranking floating charge over all assets of the group in respect of the indebtedness under the £1,525,000 of convertible loan notes issued during 2016 and 2017.

18. Pension commitments

The company contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,907 (2017 - £5,808). Contributions totalling £nil (2017 - £nil) were payable to the fund at the reporting date.

19. Related party transactions

Control

Throughout the period the company was controlled by the directors.

Transactions

The company has taken advantage of FRS 102 section 33 paragraph (a), which allows exemption from disclosure or related party transactions with other group companies.

20. Post balance sheet events

The majority shareholders acquired the Group's external secured debt in March 2019 and subsequently agreed to a standstill on repayment terms and covenants. No loan repayments or interest will be payable until March 2020 although interest will continue to accrue during this period. The renegotiation also included additional funding of £900k being injected into the group in 2019. This funding will be used to provide additional working capital funds to the group.

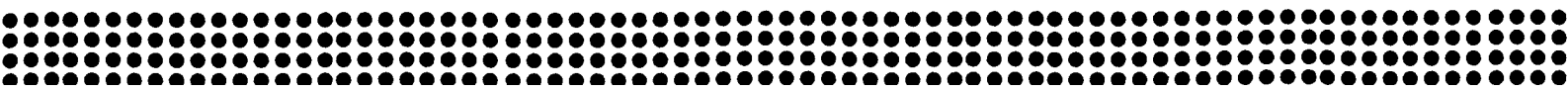
21. Controlling party

The company's ultimate parent company is Rigmar Group (Holdings) Limited, a company incorporated in Scotland, and the company's immediate parent company was Lionel Midco Limited, a company registered in Scotland.

The largest and smallest group that the results of the company are consolidated in is Rigmar Group (Holdings) Limited. A copy of their financial statements can be obtained from the Companies House website.

The company's controlling party is EG Momentum L.P., a company incorporated in Guernsey.

**The following statement does not form part of the
audited statutory financial statements of the company**



LIONEL BIDCO LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018



		2018 £	2017 £
Management charges		1,417,089	726,210
Less: overheads			
Administration expenses		(351,982)	(229,063)
Operating profit	4	<u>1,065,107</u>	<u>497,147</u>
Interest payable		(1,065,107)	(497,147)
Investment impairment		-	(2,650,000)
Profit/(Loss) for the year		<u>-</u>	<u>(2,650,000)</u>

LIONEL BIDCO LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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A + B[®]

	2018 £	2017 £
Management charges	1,417,089	726,210
	<u>1,417,089</u>	<u>726,210</u>
	2018 £	2017 £
Staff salaries	184,277	187,146
Staff national insurance	22,705	22,077
Staff pension costs - defined contribution schemes	5,907	5,808
Legal and professional	6,000	-
Auditors' remuneration	8,999	8,000
Accountancy fees	1,774	1,175
Bank charges	170	4,857
Amortisation of deal fees	75,395	-
Exceptional legal costs	46,755	-
	<u>351,982</u>	<u>229,063</u>
	2018 £	2017 £
Bank loan interest payable	685,775	276,558
Group interest payable	140,000	140,000
Other loan interest payable	239,332	80,589
	<u>1,065,107</u>	<u>497,147</u>
	2018 £	2017 £
Investment income		
Impairment in investment in subsidiaries	-	2,650,000
	<u>-</u>	<u>2,650,000</u>