Interim Report (Unaudited)

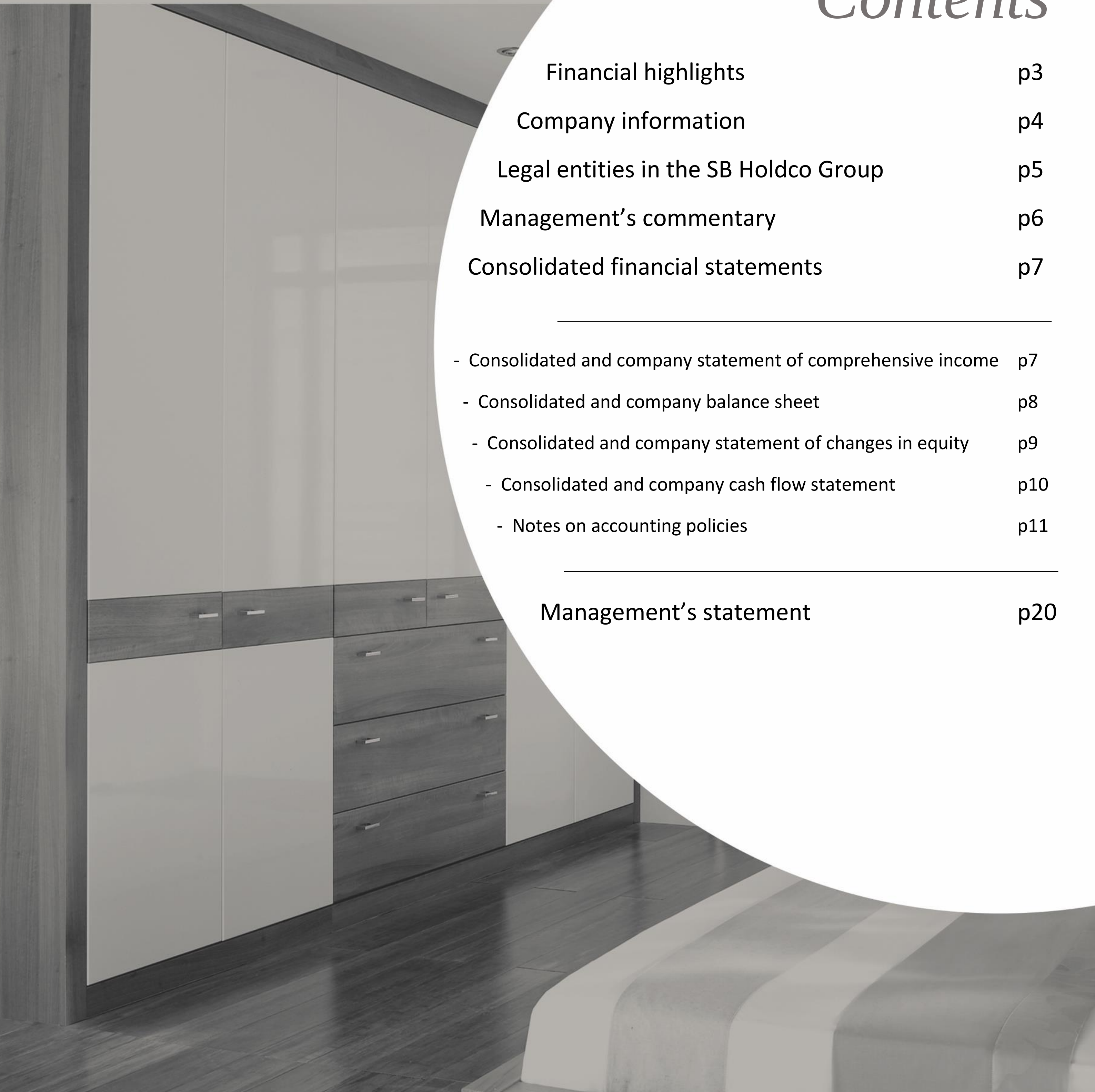
Third Quarter 2018-19,

1st April 2019

to 30th June 2019

SBHoldco Plc

Contents



Financial Highlights

	Group Summary				Company	
	Q3 2019 £'000	Q3 2018 £'000	YTD 2019 £'000	YTD 2018 £'000	Q3 2019 £'000	YTD 2019 £'000
Income Statement						
Revenue	27,634	27,367	78,391	77,614	-	-
Gross profit	13,198	13,043	36,381	35,951	-	-
EBITDA (before management fees and exceptional costs)	4,748	4,696	8,322	8,109	-	-
Profit/(loss) for the period before tax	2,146	4,331	4,296	6,250	(2,293)	(2,921)
Increase/(Decrease) in Cash and Cash Equivalents						
Cash flow from operating activities	2,808	2,320	7,839	7,190	(811)	(11)
Investments in fixed assets	(233)	(94)	(506)	(259)	-	-
Cash flow for the period	1,098	(13,332)	4,848	(10,472)	(451)	839
Financial Ratios in %						
Gross margin	47.8%	47.7%	46.4%	46.3%	-	-
EBITDA (before management fees and exceptional costs)	17.2%	17.2%	10.6%	10.4%	-	-
Equity Ratio	-	-	-126.7%	-152.8%	-	44.0%

Company Information

Name	SB Holdco Plc
Registered Office	Unit B Springvale Industrial Park Bilston West Midlands WV14 0QL United Kingdom
Registered Number	11436854
Financial Year	1 October 2018 to 29 September 2019
Website	www.sbholdco.co.uk
E-mail	info@sbholdco.co.uk
Contact Details	01902 483000
Board of Directors	Kevin Smith Michael Galliford
Parent Company	SB Topco Limited
Principal Bankers	Barclays Bank plc 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3BX United Kingdom
Auditors	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB United Kingdom

Legal Entities in Group

Company Name	Country	Currency	Nominal Capital	Ownership Share
Sharps Bilston Limited	England	GBP	106	100%
Sharps Bedrooms Limited	England	GBP	106	100%

Management Commentary

SB Holdco Plc was established on 27 June 2018 and the Sharps Bilston Group was acquired on 13 July 2018. Consolidated and Company financial information for Q3 and year-to-date (YTD) 2018/19 and 2017/18 is reported for the cash flow and other comprehensive income statements. Other statements show year-to-date 2018/19 and 2017/18 for Group and Company.

The Group measures performance primarily on underlying EBITDA before management fees and exceptional costs, which was £4,748k for Q3 2019, a 1.1% improvement over Q3 2018, and £8,322k for YTD 2019, a 2.6% improvement over YTD 2018.

Management also consider the Group's revenue and gross margin to be KPIs which are utilised to manage the business. Revenue was higher in Q3 2019 than Q3 2018 by £267k, a 1% increase, and £777k higher YTD 2019 than YTD 2018, also a 1% increase over the prior period. Gross margin increased in Q3 by £155k and by £430k YTD, both being a 1.2% increase over 2018.

The results for Q3 include a foreign exchange loss of £1,403k related predominantly to the bond holder notes liability as at 30th June 2019. Year to date the loss is £230k.

Weekly financial and operating KPIs are reviewed to provide immediate focus in operations, logistics, property and resources. Visibility and tight control of cash flow for the Group is an integral part of the business planning, recognising the material variances attributable to trading patterns, debt service and capital investment. Cash balances closed the period at £12,133k.

The Group's business is subject to inherent risks arising from general and sector-specific economic conditions, particularly those which adversely impact consumers' willingness to purchase bespoke furniture and other products such as levels of disposable income, levels of consumer debt and access to consumer credit. A deterioration in economic conditions globally and in the United Kingdom in particular would have an adverse effect on the Group's business, operations and financial position.

There is a risk that the contemplated withdrawal of the United Kingdom from the European Union pursuant to Article 50 of the Treaty on European Union following the national referendum in June 2016 could have an adverse effect on the Group's business, earnings or financial position.

Management believe that the continued focus on customer value and range proposition combined with evaluation and review of marketing strategies along with the effective control of operational costs will ensure that the group is well placed to manage these risks. Feedback from customers is utilised to directly improve the operations and service of the business.

The Group continues to maintain a healthy orderbook and Management remain confident of continued success. The Group's plans are to build on the platform delivered from the robust operating model. The focus will be on improving customer service and experience, developing the Sharps brand, whilst managing the appropriate cost base, with quality and range improvements to help build sustainable and profitable growth and provide a firm base for long term growth and viability.

SB Holdco Plc issued €45m of bonds on 13 July 2018, which were listed on the Frankfurt Stock Exchange on 27th September 2018. These were also listed on the Nasdaq Stockholm on 18th June 2019. During August 2019 SB Holdco Plc duly authorised and paid a £2m dividend to its parent company, SB Topco Limited, as permitted in accordance with the Terms and Conditions of the bonds.

Consolidated Financial Statements

Consolidated and Company Statement of Comprehensive Income

	Group				Company	
	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Q3 2019	YTD 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	27,634	27,367	78,391	77,614	-	-
Cost of sales	(14,436)	(14,324)	(42,010)	(41,663)	-	-
Gross profit	13,198	13,043	36,381	35,951	-	-
Administrative expenses	(8,682)	(8,654)	(29,155)	(28,796)	(14)	(14)
EBITDA before management fees and exceptional costs	4,748	4,696	8,322	8,109	(14)	(14)
Depreciation	(283)	(298)	(830)	(890)	-	-
Management fees and exceptional costs	51	(9)	(266)	(64)	-	-
Operating profit	4,516	4,389	7,226	7,155	(14)	(14)
Interest payable and other finance costs	(2,370)	(58)	(2,930)	(905)	(2,279)	(2,907)
Profit/(loss) on ordinary activities before taxation	2,146	4,331	4,296	6,250	(2,293)	(2,921)
Taxation on profit on ordinary activities	(408)	(823)	(816)	(1,188)	-	-
Profit/(loss) on ordinary activities after taxation	1,738	3,508	3,480	5,063	(2,293)	(2,921)
Total comprehensive income/(loss) for the financial period attributable to the owners of the parent	1,738	3,508	3,480	5,063	(2,293)	(2,921)

The results for the current period relate to continuing activities.

There was no other comprehensive income for the current period other than those included in the Statement of Comprehensive Income.

Consolidated and Company Balance Sheet as at 30th June 2019

	Group		Company
	June 2019	**Sept 2018**	**June 2019**
	£'000	**£'000**	**£'000**
Non-current assets			
Property, plant and equipment	2,373	2,696	-
Intangible assets	4,349	4,349	-
Investments in subsidiaries		-	75,900
Deferred tax asset	757	595	-
	7,479	7,640	75,900
Current assets			
Trade and other receivables	379	454	-
Cash and cash equivalents	12,133	7,285	850
Inventories	1,741	1,560	-
Amounts owed from related parties	-	50	-
Other current assets	4,075	6,685	-
	18,328	16,034	850
Total assets	**25,807**	**23,674**	**76,750**
Current liabilities			
Trade and other payables	6,093	5,296	-
Amounts owed to related parties	-	3,111	5,495
Current tax liabilities	709	698	-
Other current liabilities	10,182	13,086	682
	16,984	22,191	6,177
Net current liabilities	**1,344**	**(6,157)**	**(5,327)**
Total assets less current liabilities	**8,823**	**1,483**	**70,573**
Non-current liabilities			
Interest bearing loans and borrowings	39,090	35,306	39,090
Provisions	2,423	2,347	-
	41,513	37,653	39,090
Capital and reserves			
Share capital	106	106	106
Retained earnings	22,956	19,476	(3,778)
Other reserves	(55,752)	(55,752)	35,155
Equity attributable to owners of the parent	**(32,690)**	**(36,170)**	**31,483**
Total equity	**(32,690)**	**(36,170)**	**31,483**
Total equity and non-current liabilities	**8,823**	**1,483**	**70,573**

Consolidated and Company Statement of Changes in Equity

GROUP

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 1 October 2018	106	(55,752)	19,476	(36,170)
Profit and total comprehensive income for the period	-	-	3,480	3,480
Balance c/fwd 30 June 2019	106	(55,752)	22,956	(32,690)

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 2 October 2017	-	(15,007)	12,010	(2,997)
Profit and total comprehensive income for the period	-	-	1,554	1,554
Balance c/fwd 1 July 2018	-	(15,007)	13,564	(1,443)

COMPANY

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance b/fwd 1 October 2018	106	35,155	(857)	34,404
Loss and total comprehensive loss for the period	-	-	(2,921)	(2,921)
Balance c/fwd 30 June 2019	106	35,155	(3,778)	31,483

Consolidated and Company Cash Flow Statement

	Group				Company	
	Q3 2019 £'000	Q3 2018 £'000	YTD 2019 £'000	YTD 2018 £'000	Q3 2019 £'000	YTD 2019 £'000
Cash flows from operating activities						
Profit/(loss) before tax	2,146	4,331	4,296	6,250	(2,293)	(2,921)
Adjustments for:						
Net finance costs	2,409	58	2,930	905	2,361	2,907
Depreciation of property, plant and equipment	283	294	830	886	-	-
	4,838	4,683	8,056	8,041	68	(14)
Increase in inventories	36	25	(181)	8	0	-
Decrease in trade and other receivables	(51)	(912)	1,380	280	3	5
Increase/(decrease) in trade and other payables	(533)	(75)	(715)	197	0	-
Movement in provisions and accruals	(970)	(1,043)	571	(167)	303	(39)
Movement in related parties balances	-	-	-	-	(1,185)	37
Cash used in working capital	(1,518)	(2,005)	1,055	318	(879)	3
Income taxes paid	(512)	(358)	(1,272)	(1,169)	-	-
Net cash flow generated from operating activities	**2,808**	**2,320**	**7,839**	**7,190**	**(811)**	**(11)**
Cash flows from investing activities						
Payments to acquire property, plant and equipment	(233)	(94)	(506)	(259)	-	-
Net cash used in investing activities	**(233)**	**(94)**	**(506)**	**(259)**	**0**	**0**
Cash flows from financing activities						
Movement in related party balances	(3,111)	-	(3,111)	-	(1,288)	207
Bond notes issued	2,843	-	3,436	-	2,843	3,436
Issue costs	(103)	-	(192)	-	(103)	(192)
Other Financing Costs	(427)	-	(427)	-	(316)	(316)
Loan repayments	-	(15,500)	-	(16,600)	0	-
Interest paid	(735)	(58)	(2,235)	(803)	(825)	(2,325)
Interest received	35	-	40	-	35	40
Net cash used in financing activities	**(1,498)**	**(15,558)**	**(2,489)**	**(17,403)**	**346**	**850**
Net increase in cash and cash equivalents	**1,077**	**(13,332)**	**4,844**	**(10,472)**	**(465)**	**839**
Effect of exchange rate fluctuations on cash and cash equivalents	21	-	4	-	14	(3)
Net increase in cash and cash equivalents after effects of exchange rate fluctuations	1,098	(13,332)	4,848	(10,472)	(451)	836
Cash and cash equivalents at 31 March 2019/ 30 September 2018	11,035	20,845	7,285	17,985	1,301	14
Cash and cash equivalents at 30 June 2019	**12,133**	**7,513**	**12,133**	**7,513**	**850**	**850**

Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on the going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRS IC Interpretations and the provisions of the UK Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include but are not limited to goodwill; useful lives of property, plant and equipment; dilapidations, guarantees and financial risk management. Actual results may differ from these estimates.

Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and as issued by the International Accounting Standards Board ("IASB"). IFRS as adopted by EU differs in certain aspects from IFRS as issued by the IASB. However, the differences have no impact on the Group's consolidated financial statements for the periods presented.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) as at 31 March 2019. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

For the consolidated group, intra group transfers of subsidiaries within the Sharps Topco Limited group but outwith the SB Holdco Plc group are deemed to be business combinations under common control. These transactions are accounted using the predecessor pooling of interest method. The results of subsidiaries acquired during the period are included in full from the beginning of the period in which the combination occurs and all comparatives restated.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Consolidated Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of intangible assets - Goodwill

Determining whether intangible assets are impaired requires an estimation of the value in use of the intangible assets and the cash-generating units to which intangible assets have been allocated. The value in use calculation requires estimation of the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Intangible assets are valued by applying the discounted cash flow method.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Dilapidations provision

A Dilapidations provision is provided for those leased properties where the remaining lease term is less than 3 years and where it is considered that the lease will not be renewed on expiry and the lease agreement contains a dilapidations clause. The estimated cost of the provision is based on historical experience. The actual costs can differ significantly from the estimated costs given the nature of the process whereby they are negotiated. The Dilapidations provision at the end of Q3 was £815k.

Guarantee provision

The Group guarantees its fitted installations to each customer for a period of 12 years from the installation date. The provision is calculated to cover the cost of fulfilling any guarantee work to its customers at the original installation location and is based on the future expected calls and the estimated cost of those calls. The actual costs can differ significantly from the estimated costs given the long time period over which they are incurred. The Guarantee provision at the end of Q3 was £1,608k.

Revenue recognition

Turnover represents amounts receivable for the sale of goods in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Turnover is recognised upon completion of the installation.

IFRS 15 provides a single, five-step revenue recognition model, applicable to all sales contracts, which is based upon the principle that revenue is recognised when control of goods or services is transferred to the customer. It replaces all existing revenue recognition guidance under current IFRS.

The Group also receives finance commission income from companies providing finance for certain of the Group's customers. Finance commission income is recognised when the products supplied under the finance arrangement are installed.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the fair value of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is provided on a straight-line basis on all tangible non-current assets, at rates calculated to write off the cost less the estimated residual value of each asset evenly over its expected useful life. Residual values are assessed annually. The annual rates of depreciation used vary according to the type of asset and are as follows:

- Plant and machinery - 50% to 10% per annum (2 – 10 years)
- Fixtures and fittings - 25% per annum (4 years)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an intangible asset is required, the Group estimates the asset’s recoverable amount. The Group considers the asset’s recoverable amount to be its value in use and is determined for an individual asset if the asset generates cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment at the end of each financial reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

- Raw materials, consumables and goods for resale - purchase cost on a first in, first out basis.
- Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less any further costs to be incurred to completion and disposal.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and short-term deposits comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

For the purpose of the Consolidated Cash Flow Statement, Cash and cash equivalents consist of Cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income.

Investments in subsidiaries and other investments

Investments in subsidiaries and other investments held to maturity are carried at cost less any impairment.

Financial Instruments

Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of IFRS 9 are classified as Financial assets at fair value through profit or loss, Loans and receivables, Held-to-maturity investments, or Available-for-sale financial assets, as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent Measurement

The subsequent measurement depends on their classification as follows.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial Recognition and Measurement

Financial liabilities are classified as Interest-bearing loans and borrowings.

All financial liabilities are recognised initially at fair value less directly attributable transaction costs.

Subsequent Measurement

Subsequent to initial recognition, Interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of borrowing on an effective interest basis. Gains and losses are recognised in the Consolidated Income Statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair values

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

There are three levels of financial instrument, with the majority of the Group's financial instruments falling in to level 2 with a minimal amount within Level 3. The definitions of level 2 and 3 are provided below:

- Level 2 – These financial instruments are not traded on an active market and their value is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

- Level 3 – If one or more of the significant instruments is not based on observable market data, the instrument is included in Level 3.

Pension and other post-employment benefits

Defined contribution scheme

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Income Statement as incurred.

Leased assets

Assets held under finance leases, where substantially all the risks and benefits of ownership are transferred to the Group, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the Consolidated Income Statement.

Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Lease payments in respect of operating leases, under which substantially all the risks and benefits of ownership remain with the lessor, are charged to the Consolidated Income Statement on a straight line basis over the life of the lease.

Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Balance Sheet date.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Consolidated Balance Sheet date.

Income tax is charged or credited directly to equity if it relates to items that are charged or credited to equity; otherwise income tax is recognised in the Consolidated Income Statement.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Consolidated Income Statement net of any reimbursement. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs to finance its investments and operations. The Group does not use significant borrowings to finance construction or acquisition of property, plant and equipment and, therefore, such costs are recognized as an expense when incurred.

New standards and interpretations

IFRS 9 - Financial Instruments

The Group adopted IFRS 9 on 1 October 2018, which replaced IAS 39, Financial Instruments: Recognition and Measurement. It addresses the classification, measurement and recognition of financial assets and financial liabilities together with a new expected credit loss model, which replaces the incurred loss impairment model used in IAS 39, and a new hedge accounting model. IFRS 9 has not had a material impact on the recognition of financial assets and liabilities including the bond holder notes therefore no separate presentation of its impact on the financial statements is required. Comparatives remain as reported under IAS 39.

IFRS 15 – Revenue From Contracts With Customers

The Group adopted IFRS 15 on 1 October 2018, which deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS18 'Revenue' and IAS11 'Construction contracts' and related interpretations. IFRS 15 has not had a material impact on the recognition of revenue therefore no separate presentation of its impact on the financial statements is required. Comparatives remain as reported under IAS 18.

IFRS 16- Leases

IFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful financial information to users of leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on Balance Sheet for lessees. The standard replaces IAS17 "Leases" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The implications of IFRS 16 are currently under review. Until the project has been completed, it is not practical to indicate the financial impact the changes will have on the business nor the most appropriate transition option to IFRS 16.

Management's Statement

The Board of Directors have today considered and approved the interim financial report of SB Holdco Plc for the third quarter of 2018-19 ended 30th June 2019.

The financial report has been prepared in accordance with IAS 34 on interim reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies. The interim financial report has not been reviewed or audited by the company auditor.

In our opinion the interim financial report gives a true and fair view of the Group's operations and financial position at 30th June 2019.

Further, in our opinion we find that the Management's commentary describes the significant risks and uncertainties faced by the Group.

Bilston, 29 August 2019

Board of Directors:

Kevin Smith
Managing Director

Michael Galliford
Finance Director