TLA WORLDWIDE PLC

TLA Worldwide ("TLA", "Group" or "the Company")
Preliminary Results for the period ended 31 December 2011

TLA Worldwide (AIM:TLA), the athlete representation and sports marketing business, is pleased to announce its preliminary results for the period ended 31 December 2011 which cover a 23 day trading period to 31 December 2011[1].

Financial highlights

- **Cash balance at 31 December of $3.1 million**
- **Contracted revenue of approximately $30 million, of which 39% relates to 2012**
- **Unaudited pro forma EBITDA[2] of $6.1 million (£3.9 million)[3] Proforma operating profit margin of 44%**
- **Adjusted EBITDA loss[4] of $0.5million (£0.3 million)** [3]
- **Basic and diluted loss per share of 2.72 cents (1.75p)** [3]
- **Adjusted basic profit per share[5] of 0.03 cents (0.02p)** [3]

[1] The financial statements are for the period from incorporation on 16 August 2011 to 31 December 2011. On 8 December 2011 the Company was admitted to AIM and acquired Legacy and Agency. As such, the financial statements reflect a trading period of 23 days from 8 December 2011 to 31 December 2011.

2 Unaudited pro forma financial information is based on unaudited management accounts of both Legacy and Agency for the period from 1 January 2011 to 7 December 2011, aggregated with the trading results of the Group for the period from 8 December 2011 to 31 December 2011. The aggregated financial information is then adjusted for member earnings, certain exceptional costs and an estimate of central costs as further described in the Business Review.

[3] The pro forma balances in pounds Sterling are included solely for convenience. The pro forma balances in pounds Sterling are stated, as a matter of arithmetical computation only, on the basis of all balances being translated from US Dollars into pounds Sterling at the rate prevailing on 31 December 2011 of USD1.5541: £1.00. This translation should not be construed as meaning that the US Dollar amounts actually represent, have been, or could be converted into the stated number of pounds Sterling.

[4] Adjusted EBITDA is defined as operating loss adjusted to add back depreciation, amortisation of acquired intangible assets and any other acquisition related charges, share based payment charges and exceptional items. A further description is provided in the Business Review.

[5] Adjusted loss per share is defined as adjusted loss for the period divided by the weighted average number of ordinary shares in issue during the period. Adjusted loss for the period is defined as loss for the period adjusted to add back amortisation of acquired intangible assets and any other acquisition related charges, share based payment

charges, fair value movement on financial derivatives and exceptional items. A further description is provided in note 3 to the accounts.

- **Statutory operating loss of $3.1 million (£2 million)** [3] **and loss before tax of $3.2 million (£2.1 million)** [3]

Operational highlights period to date

- **Successful integration of Legacy and Agency businesses with the launch of the TLA brand**
- **21 new client wins**
- **Negotiated over $100 million of new guaranteed contracts for our clients**
- **Expansion of baseball focus into Latin America**
- **Realignment and streamlining of sales functions within TLA**
- **Full integration of Finance and IT systems**
- **Contracted revenues are 79% of market expectations of total revenue for 2012.**

Mike Principe, chief executive, commented:

"We have had a good start to the year with the integration of our two businesses largely complete. We are already seeing tangible benefits of the merger with a number of new client wins secured in the period. Despite the difficult economic climate, the sports industry as a whole, and the baseball industry in particular is in excellent health. We are now well positioned to grow the business both organically and by acquisition, and intend to do so."

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Chairman's Statement

On 8 December 2011, TLA Worldwide plc ("TLA" or "the Group") completed the acquisition of the trade and certain assets of two agencies, being LS Legacy Sports Group LLC ("Legacy"), a pre-eminent baseball athlete management business and the Agency Group ("Agency"), a leading independent sports marketing agency, and successfully listed the combined entity on the Alternative Investment Market (AIM). As required by AIM regulations the Company has prepared audited annual accounts, which in this case only cover the 23 day trading period from the date of acquisition and listing to 31 December 2011.

Review of Results

For the period ended 31 December 2011, the Group reported an Adjusted EBITDA[6] loss of $0.5 million. Statutory operating loss was $3.1 million. These results reflect 23 days of trading at the lowest point of activity in the year. In addition, the results reflect the exceptional costs in relation to the acquisitions and the listing on AIM. Cash at the end of the period was $3.1 million.

In order to provide further information for shareholders on the financial performance of the acquired businesses unaudited pro forma financial information[7] for the year ended 31 December 2011 has been prepared and is set out in the Business Review. Unaudited pro forma revenue was $13.8 million and unaudited pro forma adjusted EBITDA was $6.1 million for the year ended 31 December 2011.

Review of Operations

The operational integration of the two acquired businesses is materially complete with the newly consolidated "TLA" brand launched in February 2012. There have been 21 new client wins, the finance function has been consolidated and as at 31 March 2012 contracted revenues are 79% of market expectations of total revenue for the year ending 31 December 2012.

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[6] Adjusted EBITDA is defined as operating loss adjusted to add back depreciation, amortisation of acquired intangible assets and any other acquisition related charges, share based payment charges and exceptional items. A further description is provided in the Business Review.

[7] Unaudited pro forma financial information is based on unaudited management accounts of both Legacy and Agency for the period from 1 January 2011 to 7 December 2011, aggregated with the trading results of the Group for the period from 8 December 2011 to 31 December 2011. The aggregated financial information is then adjusted for member earnings, certain exceptional costs and an estimate of central costs as further described in the Business Review

Board Changes

On 14 March 2012 Peter Moore resigned as a non-executive director due to his commitments in his new role as COO of Electronic Arts. We thank Peter for his assistance in guiding the Company through its Initial Public Offering and early initial period as a public Company. Peter will remain a strategic advisor to the Group. Andrew Wilson has replaced Peter as a non-executive director. Andrew brings with him a wealth of experience in both public markets and sports businesses.

Outlook

The start of 2012 has been positive and is in line with the Board's expectations for the year. The cash position continues to be strong with cash on balance sheet of $2.3 million as at 31 March 2012, after the repayment of the first tranche of our term debt and interest.

This is an extremely exciting time to be involved in the business of baseball. There is on-going labour peace for another five years following the new collective bargaining agreement signed in November 2011. Major League Baseball is a $7 billion per annum industry of which $2.9 billion relates to player salaries on long-term, guaranteed contracts. The baseball representation and marketing industry remains fragmented which provides opportunity for growth, both through organic hires and accretive acquisitions.

TLA's strategy is to take advantage of these strong industry fundamentals and drive the consolidation that is happening within the sports industry, in baseball. As a board we remain committed to exploring these opportunities for growth and executing on our stated business plan to be the market leading full service baseball agency in the USA, as well as grow the business in our key sports and activities.

Bart Campbell
Chairman
22 May 2012

Business Review

This review covers the 23 day trading period following the Company's Initial Public Offering on 8 December 2011 and the acquisitions of Agency and Legacy. For this period the Group reported a statutory loss before tax of $3.2 million. The performance at the operating level, before interest, tax, depreciation, amortisation and exceptional charges showed an Adjusted EBITDA loss of $0.5 million.

TLA segments its operations into baseball representation and sports marketing as follows:

	Baseball Representation $000's	Sports Marketing $000's	Unallocated $000's	Total $000's
Revenues	19	156	-	175
Cost of sales	-	(4)	-	(4)
Gross profit	19	152	-	171
Operating expenses excluding depreciation, amortization and exceptional items	(289)	(155)	(242)	(686)
Adjusted EBITDA[1] loss	**(270)**	**(3)**	**(242)**	**(515)**
Amortisation of intangibles arising on acquisition	(192)	(101)	-	(293)
Exceptional items (IPO costs)	-	-	(2,294)	(2,294)
Operating loss	**(462)**	**(104)**	**(2,536)**	**(3,102)**
Finance costs				(119)
Loss before tax				**(3,221)**
Tax				537
Loss for the period				(2,684)

(1) Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation of acquired intangible assets and any other acquisition related charges, share based payment charges and exceptional items. Exceptional items are those items believed to be exceptional in nature by virtue of their size and or incidence, and in the current period comprise costs associated with the IPO, associated equity fundraising, and acquisitions of Legacy and Agency on 8 December 2011. There have been no share based payment charges in the period although the Directors believe that such items may arise in the future.

Given the above only represented 23 days of trading, it does not provide a comprehensive view of the underlying performance of the Group, particularly as the period falls outside the US baseball season.

Unaudited pro forma financial information for the year ended 31 December 2011

Set out below is unaudited pro forma financial information for the year ended 31 December 2011. The Directors have provided the unaudited pro forma financial information to give an indication of performance as though the Group had been formed on 1 January 2011. The pro forma financial information does not represent statutory results for the period, is unaudited, and prepared on the basis described below.

Unaudited pro forma income statement for year ended 31 December 2011

	Baseball Representation $000s	Sports Marketing $000s	Combined $000s
Revenues	**8,785**	**5,008**	**13,793**
Administrative expenses	(7,074)	(1,465)	(8,539)
Operating profit	1,711	3,543	5,254
Add back depreciation	5	3	8
Add back members' remuneration[1]	2,566	-	2,566
Add back exceptional costs[2]	415	-	415
Less members' pro forma remuneration[1]	-	(835)	(835)
Adjusted EBITDA before assumed plc and central costs	**4,697**	**2,711**	**7,408**
Assumed plc and central costs[3]			(1,300)
Adjusted EBITDA			**6,108**

The pro forma financial information is based on unaudited management accounts of both Legacy and Agency for the period from 1 January 2011 to 7 December 2011, aggregated with the trading results of the Group for the period from 8 December 2011 to 31 December 2011. The aggregated financial information is then adjusted as follows in calculating pro forma adjusted EBITDA and operating profit:

1. Historically, the members of Legacy were substantially remunerated through salaries and bonuses which were charged to the income statement, whereas the members of The Agency were substantially remunerated through discretionary drawings, which were not charged to the income statement but instead recognised as distributions. In addition to the above, pro-forma measures further adjusts aggregated operating profit to add back salaries, bonuses and any other remuneration of the existing members of Legacy and The Agency charged to the income statement, and then deducts remuneration equivalent to that the same members are entitled to subsequent to the acquisitions.
2. Pro forma financial information adds back certain consultant and one-off acquisition costs of the vendors of Legacy and The Agency contained in the unaudited management accounts of Legacy and Agency that do not relate to the underlying trading of those businesses.
3. An estimate of central costs that would have been incurred had the group been formed through the period of the pro forma financial information has been deducted.

Baseball representation

As the baseball season had ended, the 23 days post acquisition was a quiet revenue period for the division. However, the division was successful in negotiating an extension to the contract of one of our significant clients to 2016. The division now has 13 Major League Baseball All Star players as clients.

Trading for the 23 days reflected the low activity levels with $19,000 of revenue, an Adjusted EBITDA loss of $270,000 and a statutory operating loss of $462,000. On an unaudited pro forma basis the division has revenue of $8.8 million and Adjusted EBITDA of $4.7 million for the year ended 31 December 2011.

Sports Marketing

The 23 day period for sports marketing was active but mainly focussed on client activity for the 2012 financial year.

The division has a strong client roster of PGA Tour golfers, including Jim Furyk; broadcast clients, including Fox Sports NFL Commentator Troy Aikman; Olympians such as hurdler Lolo Jones and decathlete Trey Hardee; NCAA college basketball and football coaches; and the management of the off field activities of sports legends and NFL players such as Reggie Bush, Steve Young and Colt McCoy.

Trading for the 23 days showed revenue of $156,000, an Adjusted EBITDA loss of $3,000 and a statutory operating loss of $104,000. On an unaudited pro forma basis the division had revenues of $5.0 million and Adjusted EBITDA of $2.7 million for the year ended 2011.

Liquidity

The Group had $3.1 million of cash at 31 December 2011. The Company has a $10.0 million five-year term loan facility in place which was fully drawn down at the year end.

The Group estimates that the contingent deferred consideration payments on acquisitions are $10.8 million, over the next five years.

Key Performance Indicators ("KPIs")

The Group manages its operational performance using a number of KPIs. The most important of these are:

- Adjusted EBITDA
- Operating margin
- Profit before tax
- Contracted revenue
- Number of new client wins
- Debtor collection days

As set out in the Chairman's statement, the Group will seek to make strategic acquisitions as well as to develop organically by expanding the current service offering and geographic presence.

TLA intends to become the pre-eminent, fully integrated representation and marketing services agency with on-field focus on professional baseball. As a

combined group, TLA will unite industry-leading capabilities in baseball, broadcasting, coaching, golf and talent management as well as corporate consulting. TLA's combined network creates a stronger platform to recruit new clients and identify new opportunities across the portfolio. We plan to continue our growth organically and through accretive acquisitions or other combinations as well as development of selective properties for which we have identified a need in the marketplace.

Dividend Policy

The Directors intend to pay dividends at such time that it is commercially prudent to do so. It is the Board's intention to seek to pay a dividend with respect to the 2012 results.

Michael Principe
Chief Executive
22 May 2012

Group Income statement

For the period 16 August 2011 to 31 December 2011

	Note	Period to 31 December 2011 $000's
Revenue		175
Cost of sales		(4)
Gross profit	**1**	171
Administrative expenses		(3,273)
Operating loss from operations		3,102
Operating loss before exceptional costs		(808)
Exceptional Items	3	(2,294)
Operating loss from operations		(3,102)
Finance costs		(119)
Loss before taxation		(3,221)
Taxation	4	537
Loss for the period from continuing operations attributable to the equity holders in the Company		(2,684)

Loss per share from continuing operations (note 2)

- Basic (cents) 2.72
- Diluted (cents) 2.72

Group Statement of Comprehensive Income

For the period 16 August 2011 to 31 December 2011

	Period to 31 December 2011 $000's
Loss before taxation	(2,684)
Exchange differences on translation of overseas operations	174
Loss for the period attributable to the equity holders in the Company	(2,510)

Group Balance Sheet

31 December 2011

	Note	31 December 2011 $000's
Non-current assets		
Intangible assets – goodwill		24,055
Other intangible assets		22,661
Property, plant and equipment		4
Deferred tax asset		602
		47,322
Current assets		
Trade and other receivables		4,078
Cash and cash equivalents		3,115
		7,193
Total assets		54,515
Current liabilities		
Trade and other payables		(3,149)
Borrowings	6	(1,907)
		(5,056)
Net current assets		2,137
Non-current liabilities		
Borrowings	6	(7,626)
Deferred consideration	7	(15,144)
Financial liability		(78)
Other payables		(8)
		(22,856)
Total liabilities		(27,912)
Net assets		26,603

Equity	
Share capital	1,985
Share premium	16,262
Shares to be issued	10,866
Foreign currency reserve	174
Retained loss	(2,684)
Total equity	26,603

Group Statement of Cash Flows
For the period 16 August 2011 to 31 December 2011

	Note	Period ended 31 December 2011 $000's
Net cash from operating activities	8	315
Investing activities		
Purchases of property, plant and equipment		(4)
Acquisition of subsidiary undertakings	5	(24,522)
Net cash used in investing activities		(24,526)
Financing activities		
Interest paid		(32)
New bank loans raised	6	10,000
Fees paid on issue of new bank loans		(476)
Issue of shares for cash consideration		17,834
Net cash from financing activities		27,326
Net increase in cash and cash equivalents		3115
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		3,115

Group Statement of Changes in Equity

Period to 31 December 2011

	Share Capital $000s	Share Premium $000's	Shares to be issued $000s	Foreign Currency Reserve $000s	Retained Earnings $000s	Total $000s
Balance at 16 August 2011	-	-	-	-	-	-
Total comprehensive income for period	-	-	-	174	(2,684)	(2,510)
Equity issued during the period	1,985	17,095	-	-	-	19,080
Equity costs charged during the period	-	(833)	-	-	-	(833)
Deferred consideration to be settled in equity	-	-	10,866	-	-	10,866
Balance at 31 December 2011	**1,985**	**16,262**	**10,866**	**174**	**(2,684)**	**26,603**

Notes to the preliminary announcement of results

Principal accounting polices

The financial information set out above does not constitute the Company's statutory accounts for the period ended 31 December 2011, but is derived from those accounts. Statutory accounts for 2011 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Going concern

The Directors have reviewed the forecasts for the year ending 31 December 2012 and 31 December 2013. The Directors consider the forecasts to be prudent and have assessed the impact on the Group's cash flow, facilities and headroom within its banking covenants. Further, the Directors have assessed the future funding requirements of the Group and compared the level of borrowing facilities. Based on this work, the Directors are satisfied that Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1. Segmental Analysis

The Group reports its business activities in two areas: Baseball Representation and Sports Marketing. Unallocated represents the Group's costs as a public company, along with intragroup transactions. The Group derives its revenues in the United States of America.

Baseball Representation – primarily looks after the on field activities of baseball players, including all aspects of a players contract negotiation lists.

Sports Marketing – primarily looks after the off-field actives of athletes; in addition it represents broadcasters and coaches in respect of their contract negotiations.

IFRS 8 paragraph 34 requires disclosure of revenues by customer for each customer that generates in excess of 10 per cent of the Group's total revenues in a period. In the 23 days ended 31 December 2011, one client generated in excess of 10 percent of total revenue. The Group considers that disclosure of revenues earned from each of the clients from whom in excess of 10 per cent. of total revenue is generated, together with the public nature of the Group's key clients, could enable identification of the clients, together with the earnings of those clients and the revenues generated from them, and that such information would be seriously prejudicial to the business of Group and could be in contravention of the Group's contractual arrangements with their clients. As such, this disclosure has not been provided, in contravention of paragraph 34 of IFRS 8.

1. Segmental Analysis (continued)

	Baseball Representation	Sports Marketing	Unallocated	Total
	$000's	$000's	$000's	$000's
Revenues	19	156	-	175
Cost of Sales	-	(4)	-	(4)
Gross Profit	19	152	-	171
Operating expenses excluding depreciation, amortization and exceptional items	(289)	(155)	(242)	(686)
Operating profit before depreciation, amortization and exceptional items.	**(270)**	**(3)**	**(242)**	**(515)**
Amortisation of intangibles arising on acquisition	(192)	(101)	-	(293)
Exceptional Items (IPO costs)	-	-	(2,294)	(2,294)
Operating loss	**(462)**	**(104)**	**(2,536)**	**(3,102)**
Finance costs				(119)
Loss before Tax				**(3,221)**
Tax				537
Loss for the period				(2,684)
Assets	37,342	13,976	3,197	54,515
Liabilities	(959)	(278)	(26,675)	(27,912)
Capital Employed	**36,383**	**13,698**	**(23,478)**	**26,603**

2. Earnings per share

	2011 cents per share
Basic and diluted loss per share	2.72

The calculation of loss per share per share is based on the following data:

Loss	2011 $000's
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	2,684
Number of Shares	
Weighted Average number of shares in issue:	63,860,990
Deferred consideration shares to be issued	34,802,015
Weighted average number of shares for the purposes of basic loss per share	98,663,005

Since the group reported a net loss, diluted loss per share is equal to loss per share. Hence the calculation of diluted loss per share does not include deferred consideration payable in shares or cash. Details of deferred consideration are given in note 18.

Adjusted earnings per share (see below):

	2011 cents per share
Basic adjusted earnings per share	0.03
Diluted adjusted earnings per share	0.03

2. Earnings per share (continued)

Adjusted loss for the period is defined as loss for the period adjusted to add back amortisation of acquired intangible assets and any other acquisition related charges, share based payment charges, fair value movement on financial derivatives and exceptional items. The adjusted profit attributable to owners of the Company used in calculating the basic and diluted adjusted earnings per share is reconciled below:

	2011 $000's
Loss attributable to shareholders	(2,644)
Adjusted for	
Exceptional costs	2,294
Amortisation of acquired intangible assets	293
Fair value loss on interest rate swap	78
Adjusted profit attributable to owners of the Company	21

3. Exceptional items

The exceptional costs relate to the following:

- The issue of ordinary shares during the period (where such costs were satisfied in ordinary shares).
- The acquisition of the business of Legacy and Agency during the period

Included within exceptional items is $1.24 million paid to the service providers where payment was satisfied using ordinary shares in TLA Worldwide PLC. Management consider the value of shares issued to be the fair value of services received with each transaction occurring at arm's length with the third party providers. These shares have been treated as a share based payment in accordance with IFRS2. There are no special rights attaching to these shares.

4. Taxation Expenses

	2011 $000's
UK Taxes	
Current year	-
Overseas Taxes	
US State taxes	(65)
Deferred tax	602
	537

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

4. Taxation Expenses (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2011 $000's
Loss before tax on continuing operations	(3,221)
Tax credit at the US corporation tax rate of 40%	1,289
Unrecognised deferred tax assets	(687)
Effect of different tax rates of entities operating in other jurisdictions	(65)
Tax credit for the year	537

5. Acquisitions

LS Legacy Sports Group LLC ("Legacy")

On 8 December 2011, through its wholly owned subsidiary TLA Acquisitions Limited, the Group acquired certain business and assets of Legacy. The Company focuses on Baseball representation and has 13 Major League Baseball All star players as clients. The consideration for Legacy was made up as follows:

- initial cash consideration of $20.5 million, reduced by a working capital adjustment of $1.3million, payable on completion;
- deferred consideration payable of $7.0 million to be satisfied by the issue of 22,317,159 new ordinary shares to be issued on 8 December 2013;
- $3.5 million to be satisfied by the issue of 11,158,579 new ordinary shares (the "Legacy Deferred Shares") which are to be issued on 8 December 2013. If dividends are declared and paid prior to this date, the Legacy vendors will be entitled to receive a payment equal to the dividends that they would have received if they were the owner of the Legacy Deferred Shares as of the time of such dividends. The Company will use its reasonable best efforts to satisfy the obligation to issue the Legacy Deferred Shares by placing 11,158,579 new ordinary shares and delivering the net proceeds from such placing to the Legacy vendors. This component of consideration is recorded as a liability on the Group's balance sheet as a result of the reasonable best efforts requirement of the Group to satisfy the consideration from a future placing. The fair value of this liability of $3.8m was estimated based on the Group's year end share price; and
- up to $8.0 million, payable in five earn-out payments of up to $1.6 million each, payable in cash following the end of each of the five years following completion of the acquisition, contingent upon the achievement by the Legacy business of certain EBITDA targets in each year. These earn-out payments can also be earned if the aggregate EBITDA for those periods equals or exceeds the cumulative amounts of those targets.

5. Acquisitions (continued)

	Book value at acquisition $000s	Revaluations $000s	Provisional Fair value $000s
Intangible assets	-	15,912	15,912
Tangible Assets	41	(41)	-
Trade and other receivables	2,947	(150)	2,797
Trade and other payables	(51)	-	(51)
Long term liabilities	(8)	-	(8)
Total	**2,929**	**15,721**	**18,650**
Goodwill			18,081
Purchase Consideration			**36,731**
Less deferred payable in cash discounted to present value			(6,710)
Less deferred consideration payable in equity			(7,000)
Less deferred consideration payable in cash or equity			(3,784)
Cash outflow on acquisition			**19,237**

The goodwill of $18.1m arising from the acquisition consists of synergies arising from the acquisition, the acquiree's assembled workforce and anticipated future profits arising from access to new markets. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) amount to $0.5 million.

Agency

On 8 December 2011, through its wholly owned subsidiary TLA Acquisitions Limited, the Group acquired certain business and assets of Goal Marketing Group and The Agency Sports Management LLC. The two businesses focus on sports marketing and has a strong client roster of 20 golfers; over 20 broadcast clients; over 40 college basketball and NFL coaches; and the off field activities of NFL players such as Colt McCoy. Consideration for Agency was made up as follows:

- initial cash consideration of $5.3 million;
- a further $0.3m payable in cash after completion contingent on certain cash collection targets on the acquired trade recievables;
- deferred consideration payable of $3.9 million to be satisfied by the issue of 12,484,856 new ordinary shares to be issued on 8 December 2013;
- $0.5 million to be satisfied by the issue of 1,434,674 new ordinary shares (the "Agency Deferred Shares") which are to be issued on 8 December 2013. If dividends are declared and paid prior to this date, the Agency vendors will be entitled to receive a payment equal to the dividends that they would have received if they were the owner of the Agency Deferred Shares as of the time of such dividends. The Company will use its reasonable best efforts to satisfy the obligation to issue the Agency Deferred Shares by placing 1,434,674 new ordinary shares and delivering the net proceeds from such placing to the Agency vendors. This component of consideration is recorded as a liability on the Group's balance sheet as a result of the reasonable best efforts requirement of the Group to satisfy the consideration from a future placing. The fair value of this liability of $0.5m was estimated based on the Group's year end share price; and
- up to $4.261 million, payable in three earn-out payments ranging from $0.991 million to up to $2.24 million, payable in cash following the end of each of the first, second and third years following completion of the acquisition, contingent upon the achievement by the Agency business of certain EBITDA targets in each year. These earn-out payments can

also be earned if the aggregate EBITDA for those periods equals or exceeds the cumulative amounts of those targets.

5. Acquisitions (continued)

	Book Value at acquisition $000s	Revaluations $000s	Provisional Fair value $000s
Intangible assets	-	7,042	7,042
Tangible Assets	1	(1)	-
Trade and other receivables	843	(58)	785
Total	**844**	**6,983**	**7,827**
Goodwill			5,974
Consideration			**13,801**
Less deferred payable in cash discounted to present value			(4,113)
Less deferred consideration payable in equity			(3,866)
Less deferred consideration payable in cash or equity			(537)
Cash outflow on acquisition			**5,285**

The goodwill of £6.0 million arising from the acquisition consists of synergies arising from the acquisition, the acquiree's assembled workforce and anticipated future profits arising from access to new markets. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) amount to $0.5 million.

6. Borrowings

	2011 $000's
Secured borrowing at amortised cost	
Bank loans	10,000
Debt costs amortised over the life of the facility	(467)
	9,533
Total borrowings	
Amount due for settlement within 12 months	1,907
Amount due for settlement after 12 months	7,626
	9,533

All borrowings are denominated in US dollars. The other principal features of the Company's borrowings are as follows.

- Interest is charged at 4% above US LIBOR
- Repayments are made quarterly evenly over the life of the loan;
- The loan is for 5 years and expires on 8 December 2016.

7. Deferred Consideration

Under the terms of the acquisition agreements referred to in note 5 the Company has obligations to the vendors of those business as set out below:

	2011 $000's
Payable in less than one year - Settled by way of cash consideration	303
Payable in one to two years - Settled by way of cash or issue of shares (see note 5)	4,321
Payable in two to five years - Settled by way of cash consideration	10,660
Payable in more than five years - Settled by way of cash consideration	1,600
Impact of discounting on provisions payable in cash at the borrowing rate of 5.22%	(1,740)
Total deferred consideration payable	**15,144**

In addition to the liabilities detailed above an additional $10,866,000 consideration payable in one to two years is to be settled by way of the issue of shares. This issue is not contingent on any future event and is therefore considered an equity item.

8. Notes of Cash flow Statement

	2011 $000's
Operating loss for the period	(3,102)
Adjustments for:	
Amortisation of intangible assets	293
Exceptional costs paid in shares	1,246
Operating cash flows before movements in working capital	(1,563)
Increase in receivables	(496)
Increase in payables	2,203
Cash generated by operations	144
Income taxes paid	(3)
Foreign exchange gains and loses	174
Net cash from operating activities	315

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

9. Annual report and accounts

Copies of the annual report and accounts for the period ending 31 December 2011 together with the notice of Annual General Meeting will be issued shortly and will be available to view and download from the Company's website: www.tlaww-plc.com