Unaudited interim results for the six months ended 30 June 2018

28 September 2018

TLA Worldwide plc
("TLA" or "the Group")

Unaudited interim results for the six months ended 30 June 2018

TLA Worldwide plc (AIM: TLA), a leading athlete representation and sports marketing business, is pleased to announce its interim results for the six months ended 30 June 2018.

Financial Highlights

Headline figures
- Revenue growth of 6.3% to $23.6 million (H1 2017: $22.2 million)
- Operating income[1] of $15.2 million (H1 2017: $16.3 million)
- Headline EBITDA[2] of $(1.2) million (H1 2017: $2.5 million)
- Headline Loss Before Tax[3] of $2.3 million (H1 2017: $1.7 million, profit)
- Headline Diluted Loss Per Share[4] of 1.52 cents (H1 2017: 1.79 cents, Earnings Per Share)
- Sports Marketing Headline EBITDA of $1.0 million (H1 2017: $3.3 million)
- Baseball Headline EBITDA was breakeven (H1 2017: $1.7 million)
- Cash balances of $4.5 million (H1 2017: $4.3 million)

Statutory figures
- Operating loss of $1.7 million (H1 2017 loss: $5.5 million)[5]
- Loss before tax of $2.8 million (H1 2017 loss: $6.6 million)[5]
- Loss per share of $1.58 cents (H1 2017 loss: $2.69 cents)
- Net debt as at 30 June 2018 was $21.2 million (H1 2017: $25.0 million)

Sports Marketing
- Sports Marketing revenue grew 11% to $17.1 million (H1 2017: $15.4 million)
- TLA Australia continues to perform well and is in line with management's expectations
- US Sports Marketing returned to growth and profitability
- In Tennis, TLA signed top 5 ranked player, Grigor Dimitrov, and Sloane Stevens competed in the French Open final
- In Golf, TLA had a strong recruiting season, signing three of the top five amateurs
- Jim Furyk to captain the US Ryder Cup team in September 2018
- The 2018 Commonwealth Games saw "Team TLA" win 16 gold medals, 14 silver medals and 10 bronzes medals
- In Events, TLA launched the return of The Rugby Weekend to Chicago; a triple header taking place on 3 November
- In June, the Australian Sport Marketing division ("SMAU") won two awards at the Mumbrella Awards, the annual Australian Sports Marketing Industry event

Baseball Representation
- Baseball Representation revenue was $6.5 million (H1 2017: $6.8 million)
- Contracts worth $186 million negotiated in the off-season (H1 2017: $270 million) and reflects the younger mix of TLA's roster of players
- 16 clients expected to eligible for contract arbitration in the upcoming off-season (October 2018 – February 2019) (2017/18 off-season: 17)[6]
- 15 MLB free agents expected in the upcoming off-season (2017/18 off-season: 6)[6]
- 73 MLB clients on the MLB teams 40-man roster (H1 2017: 87)[7], of which 30 are fee paying (H1 2017: 35)

Post Period

- Appointment of Ian Gray as Executive Chairman, replacing Bart Campbell who resigned as Executive Chairman and stepped down from the Board of Directors as previously announced on 3 August 2018
- Ian Gray is leading a strategic review of the Group's operations and financial performance with a view to developing and executing a new strategic plan
- Appointed FTI Capital Advisors as financial adviser to the Group on 24 September 2018 after receiving a number of preliminary approaches regarding a possible offer for the Group's US business
- The Group remains in advanced discussions with its banker to provide additional working capital headroom. Should SunTrust provide additional funding headroom (which is expected to be agreed shortly), TLA will have sufficient working capital over the short term and as such will not need to undertake an external fundraise in the immediate future. It is the intention that the strategic review will resolve the medium to longer term financing needs of the Group, which may include the sale of certain operating divisions.

Ian Gray, Executive Chairman of TLA, commented: "As stated earlier this month, despite solid operating performance in parts of the business, the weaker performance in others, including the reduction in the number of events organised and cost pressures in Baseball, has resulted in income and profitability being lower than previously expected in the first half.

"The Group's outlook for the second half of the year remains promising, particularly within the Australian business following integration of the Puma Australian teamwear business. The Baseball business is expected to make a profit for the year and the US Sports Marketing business is expected to return to profitability. However, given the reduced number of events compared to previous expectations and ongoing cost pressures within Baseball, headline EBITDA for the Group for the full year 2018 is expected to be broadly breakeven."

1 Operating income is equal to gross profit in the income statement.
2 Headline EBITDA is defined as statutory operating profit adjusted to add back depreciation, amortisation of acquired intangible assets and any acquisition related charges, share-based payment charges and exceptional items.
3 Headline EBITDA after bank interest and depreciation.
4 Headline earnings per share is defined as headline profit for the year divided by the weighted average number of ordinary shares in issue during the year.
5 After $7.3 million of IFRS and exceptional costs, including charges relating to amortisation ($1.8 million); additional fair value movements on contingent consideration primarily relating to revised baseball earnouts ($4.8 million); and a charge in respect of share based payments ($0.7 million).
6 As of 30 June 2018
7 As at the start of the 2018 or 2017 Baseball season, as applicable.

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About TLA

TLA is a leading athlete representation, sports marketing and event management group quoted on London's AIM. The Group derives revenues from long term agency relationships with many prominent US and international sports stars, broadcasters and media personalities associated with major sports including the MLB, NFL, NBA, PGA TOUR, AFL, Olympians and cricketers. In addition, it also provides a range of services in respect of media consultancy, sports sponsorship and event creation and ownership. With over 170 full-time personnel, TLA serves its clients from 10 locations worldwide including its offices in London, UK; New York, Newport Beach, Houston, Charleston, San Francisco, USA; Melbourne, Perth, Adelaide and Sydney, Australia. For more information, please visit www.tlaworldwide.com.

Overview

The underlying fundamentals of the business remain intact, and in particular Sports Marketing demonstrated revenue growth in H1 2018, despite the majority of event revenues and profitability expected to be realised in H2 of this year.

The Australian business continued to perform well and is in line with management's expectations. In June, the Australian Sport Marketing business was recognised at the Mumbrella Awards, the annual Australian Sports Marketing Industry event, winning two awards. The US Sports Marketing business has returned to profitability and has added several high-profile clients.

As announced on 4 September, the Group's results have been impacted by the organisation of fewer events in 2018 than was previously planned, after delivering a record number of events in 2017. In addition, Baseball Representation revenues dipped slightly from the prior year, reflecting both a difficult off-season for older free agent baseball players across the industry, as well as the youth of the TLA client roster, who have yet to become fee earners for the Group. This is alongside higher operating costs experienced in the division in H1.

In September, TLA appointed Ian Gray as Executive Chairman, who has extensive international and boardroom experience together with experience of business recovery in wide-ranging assignments. Ian's boardroom experience includes numerous PLCs and spans many different industry sectors, including in particular, the following relevant experience:

- Chief Executive of Tottenham Hotspur plc. Led a strategic review that led to a focus on the core activities of football and associated merchandising and negotiated new facilities that allowed the company to relist. After winning the FA Cup (which qualified the club to play in European matches) became a member of the negotiating team with broadcasters for European transmission rights.

- Executive Chairman of FILA EMEA. A branded sports apparel and footwear distributor/retailer with operations in EMEA, India, Hong Kong, Indonesia, and Vietnam.

Mr. Gray is leading a strategic review of the Group's operations and financial performance with a view to developing and executing a new strategic plan for the Group.

Good progress has been made in the early stages of the review and the Group is looking at various options in order to maximise shareholder value. As previously announced, these include a potential sale of the US business. TLA has a high-quality roster of bright, young stars and their successes both on and off the field, coupled with a number of the best and brightest professionals in the US sports industry, position the business well for the future. The strategic review also includes a review of the Group's cost base.

Group Headline results (unaudited)

For the six-month period to 30 June	**2018** $000's	**2017** $000's	Change
Revenue	23,598	22,233	6.3%
Operating income	**15,206**	**16,283**	**(6.6)%**
Headline EBITDA	**(1,203)**	**2,486**	**(148)%**
Headline EBITDA margin[1]	*(7.9)%*	*15.3%*	(23.2)pp
Headline (loss)/profit before tax[2]	**(2,258)**	**1,711**	**(232)%**
Headline (loss)/earnings per share (cents)	(1.52)	1.79	3.3 cents

Group statutory results

For the six-month period to 30 June	**2018** $000's	**2017** $000's	Change
Revenue	23,598	22,233	6.3%
Operating loss from operations	**(1,747)**	**(5,506)**	**68.3%**
Loss before tax	(2,755)	(6,588)	58.1%
Loss per share (cents)	(1.58)	(2.69)	1.1 cents

1 Headline EBITDA divided by operating income
2 Headline EBITDA after bank interest and depreciation

Group operating income decreased by 6.6% to $15.2 million (H1 2017: $16.3 million).

The statutory operating loss is after charges relating to amortisation ($0.4 million), and additional fair value gains on contingent consideration primarily relating to revised baseball earnouts ($0.9 million).

Sports Marketing

For the six-month period to 30 June	**2018** $000	**2017** $000	**%** Change
Revenue	17,051	15,432	10.5%
Operating income	9,202	9,685	(5.0)%
Headline EBITDA	**964**	**3,280**	**(70.6)%**
Headline EBITDA Margin	*10.5%*	*33.9%*	*(23.4)pp*
Operating profit	727	2,664	(72.7)%

Sports Marketing revenue showed good growth at 10.5%, but Headline EBITDA decreased by 71%.

The first half of 2018 has been quiet with respect to events. This is a consequence of the FIFA World Cup, which was an excellent contest, but meant that the access to high quality soccer teams, and their stars, was not possible in June or July – the historic period for TLA's delivery of soccer events. In June and July, TLA delivered the fourth year of the international Ice Hockey Classic, across five cities in Australia and New Zealand. The events business also launched the return of The Rugby Weekend to Chicago and started the marketing of its triple header game at Soldier Field in Chicago to be played on 3 November. The day of rugby features World Ranked #2 Ireland against Italy, as well as the US Women's national team competing against the New Zealand Black Ferns and the US Men's facing the New Zealand Maori All Blacks. At the 2018 Commonwealth Games, "Team TLA" won 16 gold medals, 14 silver medals and 10 bronzes medals.

The Australian Sport Marketing ("SMAU") business continues to perform in-line with expectations. At the start of the year it absorbed the Puma Australian teamwear business. The integration of this business has gone well, and it is expected to grow as TLA takes advantage of the opportunities in this area of SMAU's business. In June, SMAU was again recognised at the Mumbrella Awards, the annual Australian Sports Marketing Industry event. SMAU won two categories, Social (Media) Idea of the Year with #RacetotheEmirates, created and delivered for Emirates Airlines; and PR Idea of the Year, "I Beat" for Cricket Australia.

The US Sports Marketing ("SMUS") business has returned to revenue growth and profitability and has added several high profile clients. The Golf business continued its successes as highlighted by signing three of the top five amateurs. During the period our clients also had two PGA TOUR wins, including one from Bryson DeChambeau, and 11 top ten finishes. The Talent Marketing side of SMUS widened its offering to the speaking engagement sector, for both sporting and non-sporting individuals and will, for the second time, be delivering corporate activation for the US Tennis Open, which sits alongside our corporate activation at the Australian Open

Baseball Representation

For the six-month period to 30 June	**2018 $000**	**2017 $000**	**% Change**
Revenue	6,547	6,801	(3.7)%
Operating income	6,004	6,598	(9.0)%
Headline EBITDA	**13**	**1,681**	**(99.2)%**
Headline EBITDA margin	*0.2%*	*25.5%*	*(25.3)pp*
Operating profit/(loss)	723	(4,374)	

Baseball Representation revenue decreased by 3.7% over H1 2017 and Headline EBITDA decreased by 99.2%. The increase in costs reflects the continued need to invest in our clients and our people. At the start of the baseball season, April 2018, TLA had 73 clients on the roster of all the MLB teams (H1 2017: 87); of these clients 30 are fee paying (H1 2017: 35).

In the upcoming off-season (October 2018 – February 2019), as of 30 June 2018, TLA expects to have 16 clients eligible for arbitration (2017/18 off-season: 17) together with 15 MLB free agents (2017/18 off-season: 6). Arbitration is a significant milestone for a player which triggers their eligibility for market-related salaries, thereby enabling TLA to negotiate these contracts and secure the accompanying fees. In the 2017-2018 off-season, the division negotiated contracts worth $186 million (2016-2017 off-season: $270 million). These were down from the prior year which reflects both a difficult off-season for older free agent baseball players across the industry, as well as the youth of the TLA client roster, who have yet to become fee earners for TLA.

Baseball's recruiting efforts yielded three new players from the minor league and one new major league client during the first six months of the year. In addition to those new clients, TLA added ten clients through the amateur draft including five in the first two rounds, which generated good signing bonuses for these clients.

Board Changes

In September 2018, TLA appointed Ian Gray as Executive Chairman of the Group. Ian Gray has extensive international and boardroom experience, which includes numerous PLCs and spans many different industry sectors. Examples of previous roles include Chief Executive of Tottenham Hotspur plc and Executive Chairman of FILA EMEA. Ian Gray is expected to be appointed to the Board as soon as practicable.

In August 2018, Bart Campbell resigned as Executive Chairman and stepped down from the Board of Directors for personal reasons. In addition, Richard Shamsi resigned as a board director, also for personal reasons, but will continue to act as Chief Financial Officer for the time being and support Ian Gray in his review.

Cash flow and net debt

The Group's cash balances as at 30 June were $4.5 million (2017: $4.3 million), after $2.5 million of bank debt repayment and interest costs.

The Group's net debt was $21.2 million as at 30 June 2018 (2017: $25.0 million). The Group expects net debt for the 2018 full year to be in the range of $25m – $28m.

The Group remains in advanced discussions with its banker to provide additional working capital headroom. When agreed, the provision of additional funding headroom by SunTrust will provide TLA with sufficient working capital over the short term and as such will not need to undertake an external fundraise in the immediate future. It is the intention that the strategic review will resolve the medium to longer term financing needs of the Group which may include the sale of certain operating divisions to reduce indebtedness and provide a more stable balance sheet to support growth. The Group will provide further updates on progress in due course.

The Board is also in the process of completing a detailed review of its costs and working capital requirements and expects to implement Group wide cost reduction measures and maintain a tight control over working capital for the foreseeable future.

As outlined in note 8, earnouts continue to be deferred under subordination agreements with our bankers and these will be paid when the Board believes it has sufficient cash headroom to make such payments and those payments are in accordance with any banking covenants.

In addition, TLA has introduced tighter cash management processes along with a stronger finance function at the Group level as well as in the US subsidiary. Remedial actions that were taken include:

- The appointment of a Group CFO to be based in London with responsibility to oversee all the Group's businesses;
- Strengthened and substantially changed the US finance team, including a revised team structure and the appointment of Matthew Craig, a sports and entertainment industry finance executive, as North American CFO who reports to the Group CFO;
- Brought the US division in line with the Group's invoicing and revenue recognition policies, with robust controls in place to ensure these are enforced;
- Improved outstanding receivables and aged receivable processes to ensure they are more closely monitored, collected and correctly accounted for;
- Implementing the recommendations made by an international independent accounting firm regarding the application of proper controls, policies and procedures in the US business including revenue and cost recognition, appropriate segregation of duties regarding accounting system entries, contract invoicing and expense authorisation;
- Implemented a more thorough budgeting and forecasting process; and
- Weekly cash reporting and cash management; both at business unit and the Group level.

Dividend

The Directors have decided not to declare an interim dividend for the six months ended 30 June 2018. The Directors will continue to review the Group's dividend policy.

Update on Advisors

As previously announced, the Group has received notice of resignation from Numis Securities Limited as its nominated adviser. This notice period ends on 17 October 2018. TLA is in discussions with various parties to become nominated adviser and is confident of making an appointment by that date. TLA is fully aware of the requirements of Rule 1 of the AIM rules for companies and if a nominated adviser is not in place by 17 October the Group's shares will be suspended from trading on AIM. A further announcement will be made in due course in relation to the appointment of a new nominated adviser.

TLA also announces the appointment of RSM UK Audit LLP as auditors with immediate effect.

Current trading and outlook

In 2017 the Company organised a record number of events that were well attended and successful. In 2018, despite the Australian events business progressing well and a high-profile event organised for USA Rugby in Chicago in November 2018, the Company now expects to organise fewer events in 2018 than previously planned. This is the result of certain events in the pipeline not being successfully contracted and others failing to secure venues or teams so are unable to proceed.

Additionally, TLA's Baseball representation business is expected to generate lower profits than previously forecasted primarily as a result of higher ongoing operating costs, reflecting an investment in our clients and people.

As a result, the Board expects Group headline EBITDA for the full year 2018 to be broadly breakeven.

The Board has appointed Ian Gray as Executive Chairman to lead a strategic review of the Group's operations and financial performance with a view to developing and executing a new strategic plan for the Group. The strategic review will consider the various options including a sale of the US business (comprising both the baseball and US sports marketing businesses).

Alongside that strategic review, the Board has commenced a detailed review of its costs and working capital requirements and expects to implement Group wide cost reduction measures and maintain a tight control over working capital for the foreseeable future.

Condensed Consolidated Income statement (unaudited)

For the six month period to 30 June 2018

	Note	6 months period to 30 June 2018 $000's	6 months period to 30 June 2017 $000's
Revenue		**23,598**	**22,233**
Cost of sales		(8,392)	(5,950)
Gross profit		**15,206**	**16,283**
Administrative expenses		(16,953)	(21,789)
Operating loss from operations		**(1,747)**	**(5,506)**
Headline EBITDA		**(1,203)**	**2,486**
Amortisation of intangibles		(356)	(1,787)
Depreciation		(141)	(126)
Share based payments		-	(690)
Exceptional and acquisition related costs	3	(47)	(5,389)
Operating loss from operations		**(1,747)**	**(5,506)**
Finance costs (net)	4	(1,008)	(1,082)
Loss before tax		(2,755)	(6,588)
Taxation	5	496	2,730
Loss for the period		**(2,259)**	**(3,858)**
Loss for the period from continuing operations attributable to the owners of the company		(2,259)	(3,858)
Non-controlling interest		-	-
		(2,259)	**(3,858)**

Loss per share from continuing operations (note 2)

Basic (cents)	(1.58)	(2.69)
Diluted (cents)	(1.58)	(2.69)

Condensed Consolidated Comprehensive Income (unaudited)

For the six-month period to 30 June 2018

	6 months period to 30 June 2018	6 months period to 30 June 2017
	$000's	**$000's**
Loss for the period	**(2,259)**	**(3,858)**
Exchange differences on translation of overseas operations	(454)	707
Total comprehensive expense for the period	**(2,713)**	**(3,151)**
Total comprehensive expense attributable to:		
Owners of the company	(2,713)	(3,151)
Non-controlling interests	-	-
	(2,713)	**(3,151)**

Condensed Consolidated Group Balance Sheet (unaudited)

	Note	As at 30 June 2018 $000's Unaudited	As at 30 June 2017 $000's Unaudited
Non-current assets			
Intangible assets – goodwill	6	42,526	43,041
Other intangible assets		782	2,852
Property, plant and equipment		427	570
Deferred tax asset		7,808	8,619
Derivative financial instruments		65	-
		51,608	55,082
Current assets			
Inventories		1,013	-
Trade and other receivables		12,656	18,166
Cash and cash equivalents		4,471	4,342
		18,140	22,508
Total assets		**69,748**	**77,590**
Current liabilities			
Trade and other payables		(19,122)	(13,700)
Borrowings	7	(4,168)	(29,375)
Contingent consideration	8	(7,877)	-
		(31,167)	(43,075)
Net current liabilities		(13,027)	(20,567)
Non-current liabilities			
Borrowings	7	(21,457)	-
Contingent consideration	8	(1,250)	(12,253)
Derivative financial instruments		-	(40)
		(22,707)	(12,293)
Total liabilities		**(53,874)**	**(55,368)**
		–	
Net assets		**15,874**	**22,222**
Equity			
Share capital		4,473	4,473
Share premium		46,079	46,079
Merger reserve		309	309
Foreign currency reserve		(6,717)	(6,180)
Share based payments reserve		-	4,549
Employee share reserve		-	(9,633)
Retained loss		(28,270)	(17,375)
Equity attributable to owners of the company		**15,874**	**22,222**

Condensed Statement of Cash Flows (unaudited)

For the six-month period to 30 June 2018

	Note	6 months period to 30 June 2018 $000's Unaudited	6 months period to 30 June 2017 $000's Unaudited
Net cash outflow from operating activities	9	(3,579)	(2,478)
Investing activities			
Purchases of property, plant and equipment		(24)	(216)
Net cash used in investing activities		(24)	(216)
Financing activities			
Interest paid		(914)	(649)
Repayment of borrowings		(2,500)	(1,250)
Net cash outflow from financing activities		(3,414)	(1,899)
Net decrease in cash and cash equivalents		(7,017)	(4,593)
Cash and cash equivalents at beginning of period		11,630	8,566
Foreign currency translation effect		(142)	369
Cash and cash equivalents at end of period		4,471	4,342

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six-month period to 30 June 2018

	Share Capital	Share Premium	Merger reserve	Foreign Currency Reserve	Share based payment reserve	Employee share reserve	Retained Earnings	Total
	$000s	$000's	$000's	$000s	$000s	$000s	$000s	$000s
Balance as at 1 January 2017	**4,473**	**46,079**	**309**	**(6,887)**	**3,859**	**(9,633)**	**(13,517)**	**24,683**
Total comprehensive income for period	-	-	-	707	-	-	(3,858)	(3,151)
Credit to equity for share based payments	-	-	-	-	690	-	-	690
Balance as at 30 June 2017	**4,473**	**46,079**	**309**	**(6,180)**	**4,549**	**(9,633)**	**(17,375)**	**22,222**
Balance as at 1 January 2018	**4,473**	**46,079**	**309**	**(6,263)**	**-**	**-**	**(26,011)**	**18,587**
Total comprehensive income for period	-	-	-	(454)	-	-	(2,259)	(2,713)
Balance as at 30 June 2018	**4,473**	**46,079**	**309**	**(6,717)**	**-**	**-**	**(28,270)**	**15,874**

Notes to the Interim Report

General information

TLA Worldwide plc (the "Company") is incorporated and domiciled in the United Kingdom. The Company is listed on the AIM market of the London Stock Exchange. The registered address is 100 Fetter Lane, London EC4A 1BN.

Basis of preparation

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The reporting currency of the Group is US$, unless stated otherwise.

Going concern

The Directors have reviewed forecasts for the years ending 31 December 2018 and 31 December 2019. These forecasts show a funding requirement in order for the Group to meet its external liabilities as they fall due.

In addition to the expected amendment to bank loan arrangements, the Group is undertaking a strategic review with the objective of strengthening its balance sheet and resolve the medium to longer term financing needs of the Group.

The financial statements have therefore been prepared on the going concern basis which assumes that short term working capital requirements will be available through deferment of obligations and payments to our lender (which are expected to be agreed shortly) and the strategic review will resolve the medium to longer financing needs of the Group; which may include the sale of certain operating divisions.

Application of new and amended standards

Standard	Key requirements	Effective date adopted by EU
IFRS 9	Financial Instruments – addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. An expected credit losses model replaces the incurred loss impairment model used in IAS 39.	1 January 2018
IFRS 15	Revenue from contracts with customers – Introduces requirements for companies to recognise revenue for the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue.	1 January 2018

The directors have assessed the impact of the adoption IFRS 15 and IFRS 9 and there has been no material impact on the financial statements of the Company since these standards and interpretations came into effect.

1. Segmental Analysis

The Group reports its business activities in two areas: Baseball Player Representation and Sports Marketing. Corporate represents the Group's costs as a public company. The Group derives its revenues in the United States of America, Australia and the United Kingdom.

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

Sports Marketing – primarily looks after the on and off-field actives of athletes, except baseball players, as well as developing commercial opportunities for non-sporting personalities; in addition, it represents broadcasters and coaches in respect of their commercial and contract negotiations; creates and delivers events; engages in licensing and merchandising for the Group and third parties, and provides consultancy services

In the six-month period ended 30 June 2018, no client generated in excess of 10 percent of total revenue.

Six months to 30 June 2018	Baseball Player Representation $000's	Sports Marketing $000's	Central $000's	Total $000's
Revenue	6,547	17,051	-	23,598
Cost of sales	(543)	(7,849)	-	(8,392)
Gross profit	**6,004**	**9,202**	**-**	**15,206**
Operating expenses excl. depreciation, amortisation, share based payment charge and exceptional items	(5,991)	(8,238)	(2,180)	(16,409)
Headline EBITDA	**13**	**964**	**(2,180)**	**(1,203)**
Depreciation	-	(57)	(84)	(141)
Amortisation and impairment of intangibles	(176)	(180)	-	(356)
Exceptional and acquisition related costs	886	-	(933)	(47)
Share based payments	-	-	-	-
Operating profit /(loss)	**723**	**727**	**(3,197)**	**(1,747)**
Finance costs				(1,008)
Loss before tax				**(2,755)**
Taxation				496
Loss for the period				**(2,259)**
Assets	27,444	35,047	7,257	69,748
Liabilities	(5,663)	(13,292)	(34,919)	(53,874)
Capital Employed	**21,781**	**21,755**	**(27,662)**	**15,874**

1. Segmental Analysis

Six months to 30 June 2017	Baseball Player Representation $000's	Sports Marketing $000's	Central $000's	Total $000's
Revenue	6,801	15,432	-	22,233
Cost of sales	(203)	(5,747)	-	(5,950)
Gross profit	**6,598**	**9,685**	**-**	**16,283**
Operating expenses excl. depreciation, amortisation, share based payment charge and exceptional items	(4,917)	(6,405)	(2,475)	(13,797)
Headline EBITDA	**1,681**	**3,280**	**(2,475)**	**2,486**
Depreciation	-	(44)	(82)	(126)
Amortisation and impairment of intangibles	(1,215)	(572)	-	(1,787)
Exceptional and acquisition related costs	(4,840)	-	(549)	(5,389)
Share based payments	-	-	(690)	(690)
Operating profit /(loss)	**(4,374)**	**2,664**	**(3,796)**	**(5,506)**
Finance costs				(1,082)
Loss before tax				**(6,588)**
Taxation				2,730
Loss for the period				**(3,858)**
Assets	35,253	33,968	8,369	77,590
Liabilities	(4,371)	(8,497)	(42,500)	(55,368)
Capital Employed	**30,882**	**25,471**	**(34,131)**	**22,222**

2. Loss per share

	6 months period to 30 June 2018 cents per share	**6 months period to 30 June 2017** cents per share
Basic loss per share	(1.58)	(2.69)
Diluted loss per share	(1.58)	(2.69)

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

	6 months period to 30 June 2018 $000's	**6 months period to 30 June 2017** $000's
Loss for the purposes of basic loss per share being net profit attributable to owners of the Company	(2,259)	(3,858)
	Number of Shares	**Number of Shares**
Weighted Average number of shares in issue:	143,427,199	143,427,199

2. Loss per share (continued)

Headline earnings per share:

	6 months period to 30 June 2018 cents per share	6 months period to 30 June 2017 cents per share
Basic headline (loss)/earnings per share	(1.52)	1.79
Diluted headline (loss)/earnings per share	(1.52)	1.79

	6 months period to 30 June 2018 $000's	6 months period to 30 June 2017 $000's
Loss attributable to shareholders	(2,259)	(3,858)
Adjusted for:		
Exceptional costs (note 3)	47	5,389
Amortisation and impairment of intangible assets	356	1,787
Share based payments	-	690
Fair value (gain) on interest rate swap	(50)	(36)
Unwinding of discount to contingent consideration	144	433
Tax effect of adjusted items	(421)	(1,832)
Headline profit attributable to owners of the company	(2,183)	2,573

3. Exceptional and acquisition related costs

Exceptional items comprise:

	6 months period to 30 June 2018 $000's	6 months period to 30 June 2017 $000's
Exceptional items:		
Legal and professional costs*	-	273
Loan refinancing costs	395	-
Impairment of loans in other ventures**	414	-
Other	20	65
	829	**338**
Acquisition related costs/(gains):		
Costs relating to offers by potential investors	104	-
Costs related to potential acquisition	-	231
Fair value movement of contingent consideration (note 8)	(886)	4,820
	(782)	**5,051**
Total exceptional and acquisition related costs	**47**	**5,389**

* Legal and professional costs incurred as a consequence of the misappropriation of funds and accounting issues, including the costs of forensic accountants, the interim CFO and legal counsel.

** The impairment of loans in other ventures relates to working capital provided to a start-up business.

4. Finance costs (net)

Finance costs are analysed as follows:

	6 months period to 30 June 2018 $000's	6 months period to 30 June 2017 $000's
Interest on bank overdrafts and other loans	914	649
Amortisation of discount on contingent consideration	144	433
Fair value gain on interest rate swap	(50)	-
	1,008	1,082

5. Taxation Expenses

	6 months period to 30 June 2018 $000's	6 months period to 30 June 2017 $000's
UK Taxes		
Current tax	17	460
USA Taxes		
Current tax	51	8
Adjustments in respect of prior periods	170	-
Deferred tax	(793)	(3,265)
Australian Taxes		
Current tax	190	74
Deferred tax	(131)	(7)
	(496)	(2,730)

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

6. Goodwill

	As at 30 June 2018 $000's	As at 30 June 2017 $000's
Cost		
At 1 January	43,259	42,156
Foreign exchange movement	(733)	885
At 30 June	42,526	43,041

7. Borrowings

	As at 30 June 2018 $000's	As at 30 June 2017 $000's
Secured borrowing		
Bank loans	25,625	29,375
Total borrowings		
Amount due for settlement within 12 months	4,168	29,375
Amount due for settlement after 12 months	21,457	-
	25,625	**29,375**

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

- the interest margin varies between 3% and 5.5% over US LIBOR, depending on the Group's leverage ratio;
- fees of between 1.0% to 2.0% are payable on any payments made over and above the quarterly agreed repayment schedule;
- the facilities are secured against trade receivables and contracted revenue;
- covenants are in place encompassing an agreed fixed charge ratio and EBITDA being equal to or greater than 80%-85% of quarterly budget;
- the loan repayments are made quarterly over the life of the loan plus a final bullet repayment; and
- the facilities are renewable in March 2020.

The Group's banking facilities were renewed on 3 November 2017 with Sun Trust Bank, its existing bankers. The facilities comprise an amortising term loan of $23.75 million and a revolving facility of $5 million. Covenant breaches caused by the accounting issues within the US business from the prior year were waived. The facilities are therefore no longer disclosed as repayable within 12 months, as was required in the 30 June 2017 Group balance sheet. In May 2018, the repayment schedule together with covenants were revised to provide further funding flexibility. The debt rescheduling comprised moving $2.6 million of repayments previously due before March 2019 to later in 2019. The Group is in advanced discussions with its banker to amend loan arrangements in order to provide working capital headroom.

8. Contingent Consideration

Under the terms of the acquisition agreements in relation to Legacy, PEG and ESP (including ESPM) the Group has obligations to the lenders of the businesses as set out below:

	As at 30 June 2018 $000's	As at 30 June 2017 $000's
Payable in less than one year	7,877	-
Payable in one to two years	711	6,074
Payable in two to five years	150	7,897
Payable in more than five years	761	-
	9,499	**13,971**
Impact of discounting on provisions payable in cash	(372)	(1,718)
Total contingent consideration payable	**9,127**	**12,253**

8. Contingent Consideration (continued)

In 2016 and 2017, the Group extended its employment and earn-out agreements with key personnel in its Baseball North America and Baseball Latin American businesses incentivising them to remain at TLA for at least another four years.

There are subordination agreements in place that govern when the contingent consideration[1] become payable. The timing of these earnout payments will be determined when the Board believes it has sufficient cash headroom to make such payments and those payments are in accordance with any banking covenants.

The Group has estimated the fair value of this liability based on the anticipated future EBIT of each underlying business. This value has then been discounted back using 10.69% in the case of ESPM and 4.76% in the case of Legacy and PEG.

The cash contingent consideration requires the achievement of certain EBIT targets over the period of each agreement.

In addition, the achieved EBIT must be converted into cash. To the extent that the conversion of EBIT to cash has not been achieved for each year, the Legacy and PEG earn-outs are reduced by a proportion of the cash shortfall in that year.

The Group has the option to settle 30% of an estimated amount up to $1.9 Million payable to PEG in shares in TLA (NY) Inc. In accordance with the terms of the exchange Agreement, these shares can be exchanged for Ordinary Shares in the capital of TLA Worldwide plc at any time at the option of the vendors.

9. Notes to the Statement of Cash Flow

	6 months period to 30 June 2018 $000's	**6 months period to 30 June 2017 $000's**
Operating loss for the period	(1,747)	(5,506)
Adjustments for:		
Amortisation and impairment of intangible assets	356	1,787
Depreciation of tangible assets	141	126
Share based payments	-	690
Fair value movement on contingent consideration	(886)	4,820
Operating cash flows before movements in working capital	(2,136)	1,917
Decrease/(increase) in trade other receivables	543	(1,537)
(Increase) in inventory	(1,013)	-
(Decrease) in trade other payables	(490)	(2,526)
Cash (used by)/generated from operations	(3,096)	(2,146)
Income taxes paid	(518)	(341)
Other non-cash movements	35	9
Net cash outflow from operating activities	(3,579)	(2,478)

10. Related parties

Brian Peters is deemed to be a related party as a beneficiary of the agreement relating to the acquisition of LS Legacy Sports LLC. He received a payment $375,000 in 2017 against his earn out extension and this has been offset against that future liability. As at 30 June 2018 he owed $375,000 to the Company.

Greg Genske is deemed to be a related party as a director and beneficiary of the agreement relating to the acquisition of LS Legacy Sports LLC. He received a payment of $375,000 in 2017 against his earn out extension and this has been offset against that future liability. Also Greg Genske repaid an advance of $55,639 in January 2018 which he received in 2017. As at 30 June 2018 he owed $375,0000 to the Company.

Donald Malter is deemed to be a related party as a director of the Company during the year. As at 30 June 2018 Bungalow Entertainment LLC, a company in which Donald Malter is the sole shareholder, owed the company $355,000. In addition, Donald Malter owed the company $333,737. These items have arisen as a result of funds misappropriated from the Group and an insurance claim has been submitted in respect of recovering the funds owed by Donald Malter, but which has not been recognised in these financial statements (see note 11).

During 2017 the group repurchased shares in the subsidiary undertaking, TLA Acquisitions Limited, from a company controlled by Bart Campbell, Mike Principe and Dwight Mighty as part of the Group's LTIP scheme which expired in September 2017. As a result of that transaction amounts of $78,777, $78,777 and $39,389 became due respectively to those individuals. Those amounts remain unpaid at 30 June 2018 in respect of Mike Principe and Dwight Mighty, however were satisfied in respect of Bart Campbell on his departure.

11. Contingent asset

An insurance claim in respect of recovering funds owed by the former director Donald Malter is expected to amount to $670,000. A successful outcome of the insurance claim is contingent upon uncertain future events and so, whilst a successful outcome is considered probable, no corresponding asset is recognised in these financial statements.