2018

ANNUAL REPORT
& FINANCIAL STATEMENTS

TLA Worldwide PLC | Year ended 31 December 2018

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Contents

STRATEGIC REPORT

2018 Full Year Results

The Group accounts, due to the sale of our US businesses and the intended sale of our Australian business, is unaudited. The Company accounts (Continuing operations) has been audited. More detail is set out in the Principal Accounting Policies.

HEADLINE RESULTS	Continuing operations	Discontinued operations	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000	% Change
Revenue	-	50,737	50,737	51,100	(0.7)
Gross profit	**-**	**31,676**	**31,676**	**34,800**	**(9.0)**
Headline EBITDA	**(3,824)**	**2,726**	**(1,098)**	**4,673**	**(123.5)**
Headline profit/(loss) before tax[1]	**(3,824)**	**663**	**(3,161)**	**2,999**	**(205.4)**
Sports Marketing Headline EBITDA			1,577	5,862	(73.1)
Baseball Headline EBITDA			1,149	3,351	(65.7)

STATUTORY FIGURES	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000	% Change
Operating loss - continuing	(4,504)	(5,095)	11.6
Loss before tax - continuing	(4,504)	(5,095)	11.6
Loss from discontinued operations	(23,736)	(2,726)	(770.7)
Loss after tax	(28,242)	(7,786)	(262.7)
Loss per share (cents) - continuing	(3.14)	(3.53)	11.0
Loss per share (cents) - discontinued	(16.55)	(1.90)	(771.1)
Net debt at 31 December	(19,430)	(16,495)	(17.8)

[1]*Headline EBITDA after bank interest and depreciation*
[2]*Headline EBITDA over gross profit*
[3]*Headline earnings defined as profit or loss for the year adjusted to add back amortisation of acquired intangible assets and any other acquisition/disposal related charges, share based payment charges, fair value movement on financial derivatives, unwinding of discount on contingent consideration and other exceptional items.*

STRATEGIC REPORT (continued)

BALANCE SHEET	Continuing Operations	Discontinued Operations	Group Balance Sheet
Non-current assets			
Goodwill	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Derivative financial instruments	-	-	-
Investments	-	-	-
Loans to subsidiary undertakings	-	-	-
Current assets			
Trade and other receivables	234	1,916	2,150
Cash and cash equivalents	814	23	837
	1,048	**1,939**	**2,987**
Assets of disposal group classified as held for sale	-	25,292	25,292
Total current assets	**1,048**	**27,231**	**28,279**
Current liabilities			
Trade and other payables	(424)	(1,200)	(1,624)
Borrowings	-	(22,465)	(22,465)
Contingent consideration	-	-	-
	(424)	**(23,665)**	**(24,089)**
Liabilities directly associated with assets classified as held for sale	-	(15,229)	(15,229)
Total current liabilities	**(424)**	**(38,894)**	**(39,318)**
Net current (liabilities)/ assets	**624**	**(11,663)**	**(11,039)**
Non-current liabilities			
Borrowings	-	-	-
Contingent consideration	-	-	-
Total liabilities	**(424)**	**(38,894)**	**(39,318)**
Net (liabilities)/ assets	**624**	**(11,663)**	**(11,039)**

STRATEGIC REPORT (continued)

Overview

The Company's results for 2018 reflect the issues that it has faced during the period and is summarised below:

- on 4 September 2018, the Company issued a trading and business update to the market. The Company announced that it had organised fewer events in 2018 than expected due to certain anticipated events not being successfully contracted and others failing to secure venues or teams, which meant they were unable to proceed. Additionally, the Company announced that its baseball representation business was expected to generate lower profits than previously forecasted which was primarily as a result of higher ongoing operating costs. As a result, the Company stated that it expects its results for the year ending 31 December 2018 to be significantly below market expectations. The update also stated that the Company anticipated that its net debt for the 2018 full year would be significantly higher than previously expected and, consequently, the Company was likely to breach its banking covenants with SunTrust;

- on the 17 September the Company initiated a strategic review lead by Ian Gray; and

- on 10 October 2018, the Company entered into a Forbearance Agreement with SunTrust pursuant to which SunTrust Bank ("SunTrust") agreed to forbear from exercising remedies under the Credit Agreement with respect to certain defaults by the Company, including the Company's obligation to make certain payments of principal and interest that were due in September 2018. Forbearance Agreement provided the Company with working capital headroom as a result of the deferment of these past due principal and interest payments, and it required the Company to pursue a sale of assets that would result in a substantial repayment of the loan by 31 December 2018;

The sale of the Group's US businesses was completed on 28 December 2018 for proceeds of $5.9 million, which included the purchaser assuming the US businesses earn-out liabilities of $2.6 million. The proceeds were used to reduce the Group's bank debt.

In order to reduce it debt, and as part of SunTrust's continued support, TLA took the decision to dispose of the Group's Australian businesses, as announced on 28 November 2018, and have categorised the Australian business as held for sale , in line with the conditions of an extended Forbearance Agreement with SunTrust. TLA continues to progress this disposal with a preferred buyer and will update shareholders at the appropriate time.

It is intended that the entire net sales proceeds from the proposed sale of the Australian Business will be used to discharge all of the Group's obligations, including the remaining indebtedness to SunTrust in full. This would leave a modest cash balance in TLA.

If the proposed sale of our Australian businesses completes, the Company will become an AIM Cash Shell under AIM Rule 15 and intends to pursue a reverse takeover transaction, subject to shareholder approval, with the aim of delivering shareholder value. The board intends to target a business with the prospects of being profitable and cash generative and has started the process of identifying such a business.

The Company will update shareholders when it is able about any such future corporate development. The Company has 12 months from the date of the sale of its Australian businesses to complete a reverse takeover.

The financial results of the US businesses; Australian businesses; and the Events business, have been classified as discontinued operations and presented separately in the Group Income statement for both 2018 and 2017. A reconciliation to the Group Income statement is set out in the Finance Review.

Operating Overview

Sports Marketing – discontinued

The division performance in 2018 saw revenue of $38.0 million (2017: $35.6 million) and Headline EBITDA of $1.6m (2017: $5.9 million). This reflects the positive performance of Australia, offset by the weak performance of the US Sports Marketing and the Events business, which did not have any soccer events as a result of the Soccer World Cup.

Baseball Representation – discontinued

Revenue in Baseball Representation was $12.8 million (2017: $15.5 million) and Headline EBITDA of $1.1 million (2017: $3.4 million). The decline in performance reflects the loss of key personnel and clients in the second half of the year, after the announcement that the US businesses had been put up for sale.

Board Changes

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.

Following completion of the sale of its US Businesses, announced on 28 December 2018, Michael Principe resigned on 28 December 2018 and Greg Genske resigned on 29 December as directors of TLA and other members of the Group (as applicable) with immediate effect.

In September 2018, the Company announced the appointment of Ian Gray to lead the strategic review of the business as detailed above. Ian Gray was not appointed to the board of directors of the Company on the basis that the conclusion of the strategic review was to sell the US Businesses and the Australian Business. As Ian Gray has not been appointed to the Board and no longer has a role in the Company, Keith Sadler remains the Interim Non-Executive Chairman of the Company.

Outlook and AIM Rule 15

TLA is in advanced discussions to divest its Australian business. Should the sale of the Australian business proceed, the Group would become an 'AIM Rule 15 cash shell'. At such a time the Group's strategy is to acquire a business that is seeking an AIM quoted platform via a Reverse Takeover. The Directors are considering opportunities in a number of sectors but will focus on an acquisition that can create significant value for shareholders in the form of capital growth and/or dividends.

As a AIM Rule 15 cash shell, the Group will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 on or before the date falling six months from the completion of the sale of the Australian business or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million of new equity funding) failing which, the Group's New Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM of the Company's shares would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

STRATEGIC REPORT (continued)

FINANCE REVIEW

Review of the Group's financial performance for the year ended 31 December 2018.

SUMMARY OF RESULTS

	Discontinued operations Baseball $000	Discontinued operations Sports Marketing $000	Discontinued operations Total $000	Continuing operations Central $000	Total 2018 $000	Total 2017 $000
Headline EBITDA	**1,149**	**1,577**	**2,726**	**(3,824)**	**(1,098)**	4,673
Amortisation of intangibles	(347)	(355)	(702)	-	**(702)**	(3,596)
Depreciation	(108)	(162)	(270)	-	**(270)**	(248)
Exceptional and acquisition related (costs)/income	886	188	1,074	(680)	**394**	(5,913)
Share based payments	-	-	-	-	**-**	(1,066)
Add back: operating loss from discontinued operations						1,055
Statutory operating loss - continuing				**(4,504)**		(5,095)
Operating profit/(loss) - discontinued	**1,580**	**1,248**	**2,828**			(1,055)
Loss on sale of discontinued operations			(25,345)		**(25,345)**	-
Headline operating loss			**(22,517)**	**(4,504)**	**(27,021)**	(6,150)
Finance costs					**(1,719)**	(2,307)
Taxation					**498**	671
Loss after taxation					**(28,242)**	(7,786)

2018 AND 2017 HEADLINE EBITDA

	Year ended 31 December 2018	Year ended 31 December 2017	%
Baseball	1,149	3,351	(65.7)
Sports Marketing	1,577	5,862	(73.1)
Central	(3,824)	(4,540)	15.8
Headline EBITDA	**(1,098)**	**4,673**	**(123.5)**

STATUTORY LOSS AFTER TAX

For the period ended 31 December 2018, the Group reported a statutory loss after tax of $28.2 million (2017: $7.8 million). This loss includes the impact of:

- $1.0 million amortisation and depreciation
- $2.3 million of positive fair value movement in respect of deferred consideration; and
- $25.3 million loss on sale of the US businesses

Performance at the operating level, before interest, tax, depreciation, amortisation and exceptional charges showed a Group Headline EBITDA loss of $1.1 million (2017: profit of $4.7 million). Group Headline EBITDA margin was (3.5)%. (2017: 13.4%). 2017 was materially impacted by provisions that relate to a final cleaning up of historical issues relating to irrecoverable trade debtors and other receivables within the US business.

Headline diluted loss per share using Headline profit attributable to owners of the Company was 2.27 cents (2017: earnings 1.03 cents).

Statutory diluted loss per share attributable to owners of the Company from continuing operations was 3.14 cents (2017: loss 3.53 cents).

Statutory diluted loss per share attributable to owners of the Company from discontinued operations was 16.55 cents (2017: loss 1.9 cents).

STATUTORY RESULTS	Year ended 31 December 2018	Year ended 31 December 2017	%
	$000	**$000**	**Change**
Operating loss	(4,504)	(5,095)	11.6
Statutory loss before tax	(4,504)	(5,095)	11.6
Statutory diluted loss per share (cents) from continuing operations	(3.14)	(3.53)	11.0
Statutory diluted loss per share (cents) from discontinued operations	(16.55)	(1.9)	(771.1)

HEADLINE RESULTS	Year ended 31 December 2018	Year ended 31 December 2017	%
	$000	**$000**	**Change**
Revenue - discontinued	50,737	51,100	(0.7)
Gross profit - discontinued	**31,676**	**34,800**	**(9.0)**
Headline EBITDA	**(1,098)**	**4,673**	**(123.5)**
Headline EBITDA margin [1]	(3.5)%	13.4%	(126.1)
Headline (loss)/profit before tax [2]	**(3,161)**	**2,999**	**(205.4)**
Headline diluted earnings per share (cents)	(2.27)	1.03	(320.4)

[1] *Headline EBITDA over gross profit*
[2] *Headline EBITDA after bank interest and depreciation*

STRATEGIC REPORT (continued)

TLA segments its operations into Sports Marketing and Baseball Representation as follows:

Year ended 31 December 2018

	Discontinued operations	Discontinued operations	Discontinued operations	Continuing operations	
	Baseball Representation	Sports Marketing	Total	Central	Total
	$000	$000	$000	$000	$000
Revenue - discontinued	12,778	37,959	50,737	-	50,737
Cost of sales - discontinued	(1,020)	(18,041)	(19,061)	-	(19,061)
Gross profit - discontinued	**11,758**	**19,918**	**31,676**	**-**	**31,676**
Operating expenses excluding depreciation, amortisation, acquisition related costs and exceptional items	(10,609)	(18,341)	(28,950)	(3,824)	(32,774)
Headline EBITDA	**1,149**	**1,577**	**2,726**	**(3,824)**	**(1,098)**
Amortisation and impairment of intangibles	(347)	(355)	(702)	-	(702)
Depreciation	(108)	(162)	(270)	-	(270)
Exceptional items and acquisition related costs	886	188	394	(680)	394
Statutory operating loss				**(4,504)**	
Discontinued operating profit	**1,580**	**1,248**	**2,828**		
Loss on sale of discontinued operations			(25,345)		(25,345)
Headline operating loss			**(22,517)**	**(4,504)**	**(27,021)**
Finance costs					(1,719)
Taxation					498
Loss for the year					**(28,242)**

STRATEGIC REPORT (continued)

Year ended 31 December 2017

The following segmental disclosures for 31 December 2017 are stated prior to any adjustment for operations subsequently discontinued:

	Baseball Representation	Sports Marketing	Central	Total
	$000	$000	$000	$000
Revenue	15,476	35,624	-	51,100
Cost of sales	(499)	(15,801)	-	(16,300)
Gross profit	**14,977**	**19,823**	**-**	**34,800**
Operating expenses excluding depreciation, amortisation, share based payments, acquisition related costs and exceptional items	(11,626)	(13,961)	(4,540)	(30,127)
Headline EBITDA	**3,351**	**5,862**	**(4,540)**	**4,673**
Amortisation of intangibles	(2,431)	(1,165)	-	(3,596)
Depreciation	-	(81)	(167)	(248)
Exceptional items and acquisition related costs	(2,503)	(433)	(2,977)	(5,913)
Share based payments	-	-	(1,066)	(1,066)
Operating profit/(loss)	**(1,583)**	**4,183**	**(8,750)**	**(6,150)**
Finance costs				(2,307)
Taxation				671
Loss for the year				**(7,786)**

DIVISIONAL PERFORMANCE

Sports Marketing - discontinued	2018	2017	%
	$000	$000	Change
Revenues	37,959	35,624	6.6%
Gross profit	19,918	19,823	0.5%
Headline EBITDA	1,577	5,862	-73.1%
Headline EBITDA Margin	*7.9%*	*29.5%*	*-21.6 pp*
Operating profit	1,248	4,183	(70.2)

Sports Marketing operations discontinued in the year ending 31 December 2018 delivered revenue of $38.0 million, Headline EBITDA of $1.6 million and an operating profit of $1.2 million. The division's reported revenues grew by 6.6%. However, gross profit, the KPI that management use to monitor performance, was flat. This reflects the lower performance of Events as the Soccer World Cup restricted our ability to stage soccer games during the June to August period. Following the strategic review, no further events were staged, beyond those that were already in progress and the sale of tickets announced. It was decided to close this business in November 2018. US Sports Marketing broke even for the year, compared to a positive contribution in 2017.

Headline EBITDA margin was 7.9% (2017: 29.5%).

Baseball Representation - discontinued

	2018 $000	2017 $000	% Change
Revenue	12,778	15,476	-17.4%
Gross profit	11,758	14,977	-21.5%
Headline EBITDA	1,149	3,351	-65.7%
Headline EBITDA Margin	*9.8%*	*22.4%*	*-12.6pp*
Operating profit/(loss)	1,580	(1,583)	199.8%

Baseball representation operations discontinued in the year ended 31 December 2018 saw revenue of $12.8 million, Headline EBITDA of $1.1 million and gross profit of $11.8 million. The operating profit was $1.6 million. The decline in revenue reflects the loss of key personnel and clients in the second half of the year, following the strategic review and the announcement that the US business had been put up for sale. This impacted the ability of the business to sign any material free agency contracts and secure signing bonus fees.

CASH FLOW AND BANKING ARRANGEMENTS

Cash balances as at 31 December 2018 were $3.0 million (31 December 2017: $11.6 million), with net debt of $19.4 million (31 December 2017: $16.5 million). Cash includes $2.2 million within the disposal group held for sale.

The Group's banking facilities are being operated under a Forbearance Agreement with the Company's Bank. The Forbearance Agreement requires the Group to dispose of its Australian businesses to reduce its bank debt.

$4.8 million of earn-out remained payable for 2017 and 2018. These earn outs relate to TLA's Australian sports marketing business. $1.2 million of TLA shares would be issued as part of the earn out payment. It is expected that any sales of TLA's Australian business would include the transfer of these liabilities.

As part of the disposal of the US businesses all earn-out liabilities where assumed by the purchaser.

BALANCE SHEET POSITION

The Group has net liabilities at the end of December 2018 of $11.0 million (31 December 2017: net assets of $18.6 million). This reflects the loss on sale of the US business. Furthermore, current assets at 31 December 2018 were $28.3 million (31 December 2017: $24.8 million), with total liabilities (current and non-current) of $39.3 million (31 December 2017: $58.0 million).

FUTURE DEVELOPMENTS

On the disposal of the Australian business, the Company will become an AIM Cash Shell and it is the board's intention to seek a new business to reverse into the Company. During this transition the board intends to keep costs to a minimum and to preserve cash. The Non-Executive directors have therefore waived their fees since 1 January 2019.

DIVIDENDS

The board does not propose a final dividend for the year.

PRINCIPAL RISKS AND UNCERTAINIES

The management of the Group and the execution of the Group's strategies are subject to several risks. The key business risks affecting the Group are shown below.

Risk management
The significant risks that the Group faces have been considered and policies have been implemented to best deal with each risk. The three most significant risks are liquidity, interest rate and credit risks.

Liquidity risk
The year-end net debt was $19.4 million (2017: $16.5 million) which included cash of $3.0 million (2017: $11.6 million) and bank borrowings of $22.5 million (2017: $28.1 million). Cash includes $2.2 million within the disposal group held for sale.

The Group's future liquidity will be secured following the sale of the Australian business, after which surplus funds subsequent to settlement of the Group's borrowings will allow the Company to become an AIM Cash Shell under AIM Rule 15. The board intends to complete a reverse takeover 12 months from the date of the sale of the Australian businesses, during which period the board will keep costs to a minimum in order to preserve cash.

Interest rate risk
The Group finances its activities through a mixture of retained cash, operating cash flow, bank debt and equity finance. The Group monitors its exposure to interest rate risk in association with the bank debt and when investing its cash resources and during the year had an interest rate swap contract in place to fix 50% of its outstanding term loan facility at 1.9%. In view of the Forbearance Agreement in place, during which time no interest is accuring, interest rate fluctuations are not currently sensitive.

Credit risk
The Group's customers included athletes, talent and large corporations. The Group has structures in place to mitigate the risk of non-payment and it is a focus of the Board to closely monitor receivables as part of its KPIs.

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS ("KPI's")

The Group manages its operational performance using a number of KPIs. Performance against these KPIs was as follows:

KPI	Year ended 31 December 2018	Year ended 31 December 2017
Headline EBITDA	$(1.1)million	$4.7 million
Headline EBITDA Margin	(3.5)%	13.4%
Loss before tax	$(4.5)million	$(5.1) million
Off-season contracts negotiated	N/A	$186 million
Debtor collection days	120 days	70 days

Approved by the Board of Directors and signed on its behalf by:

Keith Sadler
Director
3 June 2019

Board of Directors

Keith Sadler – Senior Independent Non-Executive Director (60)

Keith was, until December 2014, chief financial officer of Dods (Group) PLC, a political communications business. He was formerly COO and Group finance director of WEARE 2020 plc. Prior to this he was chief executive and Group finance director of SPG Media Group plc, a marketing services business, Group finance director of The Wireless Group and two quoted regional newspaper publishers, News Communication and Media plc and Bristol United Press plc. Before this he was treasurer of Mirror Group Newspapers plc. Keith is a chartered accountant and holds an honours degree in economics from the University of Kent.

Ian Robinson – Non-Executive Director (72)

Ian is currently deputy chairman and non–executive director of Jaywing Plc, an AIM listed agency and consulting business specialising in data science, a non-executive director of Gusbourne Plc and an AIM listed English sparkling-wine business. He is non-executive Chairman of LT Pub Management Plc, a privately owned pub and leisure asset management business. He is also a director of a number of other privately owned businesses.

Previously he was chief financial officer of Carlisle Group's UK staffing and facilities services operations. He has held other senior financial appointments both in the UK and overseas. He is a Fellow of the Institute of Chartered Accountants in England & Wales, having trained with Peat, Marwick, Mitchell & Co (now KPMG) in London and an honours degree in economics from The University of Nottingham.

Ken Wotton – Non-Executive Director (45)

Ken Wotton is currently Managing Director, Quoted Investment at Gresham House Plc.

Ken graduated from Oxford before qualifying as a Chartered Accountant with KPMG. He then moved into equity research with Commerzbank; then Evolution Securities building a sector expertise in telecoms and technology and knowledge of large and small listed companies and corporate transactions; and then to Livingbridge where he was a Director and Head of Quoted Investments and a member of Livingbridge VC LLP. Ken has spent over ten years investing in the small and micro-cap sector focusing on entrepreneurial growth companies.

Directors' report

The Directors present their report together with the financial statements for the year ended 31 December 2018.

Political and charitable donations
The Group made no charitable donations during the year (2017: $nil).

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Bart Campbell	(resigned 2 August 2018)
Gregory Genske	(resigned 29 December 2018)
Michael Principe	(resigned 28 December 2018)
Ian Robinson	
Richard Shamsi	(appointed 2 January 2018, resigned 16 September 2018)
Keith Sadler	
Ken Wotton	

Going concern
The Group's results for 2018 and the net liabilities position at 31 December 2018 reflect the issues the Group has faced during the period and, following a strategic review of the business in September 2018, the US businesses were sold on 28 December 2018. The decision has also been made to sell the Group's Australian business. The Group is progressing the sale of the Australian business with its preferred buyer, the proceeds from which are intended to facilitate settlement of the Group's bank borrowings.

Following the sale and subsequent settlement of the borrowings the Company will become an AIM Cash Shell under AIM Rule 15. The Board then intends to seek a business that can be reversed into the Company. The Company has 12 months from the date of the sale of the Australian business to complete a reverse takeover, during which period the Board intends to keep costs to a minimum in order to preserve cash. Should the sale not complete as anticipated, or if it is not possible to complete a reverse takeover, or should funds not be available to sustain the Company during the foreseeable future, the going concern position of the Company would be at risk.

The Directors believe that the sale of the Australian business is likely complete before the expiry of the Forbearance Agreement with SunTrust and that the arrangements agreed with the Group's lender to settle the borrowings will leave the Group with sufficient financial resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Therefore, at the time of approving the financial statements, subject to the expected sale of the Australian business, the Directors have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future. As a result the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

Directors' report (continued)

Directors' interests
The present membership of the Board, together with biographies on each, is set out on page 15. All of these Directors served throughout the year. Directors' interests in shares in the Company are set in the Directors' remuneration report.

Directors' third party indemnity provisions
The Group maintains appropriate insurance to cover Directors' and officers' liability. The Group provides an indemnity in respect of all the Group's Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Employees
The Group is an Equal Opportunities Employer and no job applicant or employee receives less favourable treatment on the grounds of age, sex, marital status, sexual orientation, race, colour, religion or belief.

It is the policy of the Group that individuals with disabilities, whether registered or not should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment whenever possible and will be given help with any rehabilitation and retraining.

Human rights
Whilst the Group does not have a specific human rights policy, it takes seriously the responsibility to respect human rights. Fairness and integrity are an important part of the way the business is run and employees are encouraged to raise any concerns in this area to management at the earliest opportunity.

Environmental policy
The Group is committed to minimising the environmental impact of the activity of its employees through the application of modern working practices and to reduce business miles travelled.

Anti-corruption and anti-bribery
The Group takes seriously the risks of its operations associated to corruption and fraud. The Group acknowledges that internal control issues in the past gave rise to a misappropriation of funds and recognition of inappropriate accounting treatments. The Group has implemented improved internal control procedures to mitigate the control weaknesses that contributed to these issues arising in the past and the Board acknowledges its responsibility for maintaining these improved processes.

Health and safety
The Group is committed to maintaining a safe and healthy working environment for all staff. To that end it provides appropriate training and supervision.

Corporate and social responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take account of the interest of the Group's stakeholders when operating the business.

Supplier payment policy
It is the Group's policy and practice to settle its suppliers accounts on due dates according to agreed terms of credit. The creditor days across the Group at the year end were 58 days (2017: 67 days). The Group has $5.6 million of trade payables as at 31 December 2018 (2017: $6.8 million).

Directors' report (continued)

Share capital structure
Details of the Company's share capital are set out in note 21 of the financial statements.

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no restrictions on the transfer of ordinary shares in the capital of the Company other than the customary restrictions contained in the Company's Articles of Association and certain restrictions, which may be required from time to time by law, for example, insider trading laws.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. The Company's Articles of Association contain limited restrictions on the exercise of voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution at a general annual meeting of shareholders. The powers of the Directors are described in the Main Board Terms of Reference, copies of which are available on request.

Financial instruments
Details of the financial risk management objectives and policies of the Group, including hedging policies, are given in note 27 to the consolidated financial statements.

Substantial shareholdings
At the date of this report the Company has been notified, in accordance with the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company which had disclosable interests of 3% or more of the nominal value of TLA Worldwide plc's ordinary shares of 2p each.

Shareholder	Shares	Equity %
Gatemore Capital Management	21,077,490	14.70
Gresham House Asset Management Limited	17,880,952	12.47
Strand Associates	16,871,739	11.76
Nigel Wray	12,435,000	8.67
Michael Principe	7,117,567	4.96
International Sports Pte Limited	6,494,120	4.53
LGT Bank, Vadul (PB)	5,562,500	3.81
Scott Parker	4,493,208	3.13

During the period between 1 January 2018 and the date of approval of the financial statements the Company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules.

Annual General Meeting
Attention is drawn to the Notice of Meeting enclosed with this Annual Report, which sets out the resolutions to be proposed at the forthcoming Annual General Meeting.

Directors' report (continued)

Auditor
RSM UK Audit LLP were appointed as auditor to the Group during the year. RSM UK Audit LLP have expressed their willingness to continue as auditor and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Each of the Directors at the date of the approval of this Annual Report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This conformation is given and should be interpreted on accordance with the provision of s418 of the Companies Act 2006.

By order of the Board,

Dwight Mighty
Company Secretary
3 June 2019

Directors' remuneration report

As an AIM listed Company, the Company is not required to comply with Schedule 8 of the Companies Act. However, in accordance with AIM notice 36 the Company has provided, in the Directors remuneration report, the necessary disclosure of the Directors' remuneration earned in respect of the financial year by each Director of the Company acting in such a capacity during the financial year. The Directors also feel it is appropriate to provide the following information to shareholders.

The Remuneration Committee
The Remuneration Committee is comprised of:

- Ian Robinson (Chairman)
- Keith Sadler
- Ken Wotton

The Remuneration Committee is comprised of entirely independent non-executive Directors. Ian Robinson, whom is affiliated to a major shareholder is not independent under the UK corporate governance code. The Board does consider the remuneration committee to act independently about remuneration issues.

The committee did not meet during the year.

The Company Secretary is the secretary to the committee.

The committee seeks input from the Company Secretary. The committee refers to external evidence of pay and employment conditions in other companies and is free to seek advice from external advisers.

Remuneration policy
The Group's policy on remuneration for the current year and, so far as is practicable for subsequent years, is set out below. However, the Remuneration Committee believes that it should retain the flexibility to adjust the remuneration policy in accordance with the changing needs of the business. Any changes in the policy in subsequent years will be detailed in future reports on remuneration. The Group must ensure that its remuneration arrangements attract and retain people of the right calibre to ensure corporate success and to enhance shareholder value. Its overall approach is to attract, develop, motivate and retain talented people at all levels, by paying competitive salaries and benefits to all staff and encouraging its staff to hold shares in the group. Pay levels set take account of contribution and individual performance, wage levels elsewhere in the Group and regarding relevant market information. The Group seeks to reward employees fairly and give them the opportunity to increase their earnings by linking pay to achieving business and individual targets.

The Board believes that share ownership is an effective way of strengthening employees' involvement in the development of the business and bringing together their interest and those of shareholders and as such anticipates granting a share option scheme to key employees in the future.

Executive Directors are rewarded based on individual responsibility, competence and contribution and salary increases also consider pay awards elsewhere in the Group as well as external market benchmarking.

Four Executive Directors served during the year ended 31 December 2018:

- Bart Campbell (Executive Chairman)
- Michael Principe (CEO)
- Greg Genske (Executive Director)
- Richard Shamsi (Finance Director)

Directors' remuneration report (continued)

Remuneration policy (Continued)
Messrs Principe and Genske participated in the Company's healthcare scheme.

Performance-related elements form a substantial part of the total remuneration packages and are designed to align Directors' interest with those of shareholders. In line with best practice and to bring the Directors' and shareholders' interest further into line, Executive Directors and the management team are encouraged to maintain a holding of ordinary shares in the Group.

Non-Executive Directors fees
The Board determines fees for Non-Executive Directors annually, taking advice as appropriate and reflecting the time commitment and responsibilities on the role. Non-Executive Directors' fees comprise a basic fee of £30,000 per annum. In addition, Non-Executive Directors are paid £5,000 per annum for each committee that they sit on. The Non-Executive Directors' agreed to waive their fees with effect from 1 January 2019.

Non-Executive Directors do not participate in any pension schemes or LTIP. The Group reimburses the reasonable expenses they incur in carrying out their Directors' duties.

Remuneration components – Executive Directors
A significant proportion of each Executive Directors' remuneration is performance related. The main components of the remuneration package for Executive Directors are:

- Basic salary
- Annual bonuses
- LTIP

Basic salary
Basic salary is set by the Remuneration Committee by taking into account the responsibility, individual performance and experience of the Executive Director, as well as market practice for executives in a similar position. With the exception of Greg Genske, who had contractually agreed increases until the end of his contract in December 2021, basic salaries are reviewed (but not necessarily increased) annually by the Remuneration Committee.

Bonuses
The Executive Directors were eligible to participate in annual bonuses. The range of award was based on salary. For each of the Executive Directors' the percentage was as follows:

- Bart Campbell: up to 50%
- Michael Principe: up to 100%
- Greg Genkse: no bonus
- Richard Shamsi: up to 40%

The performance requirements for the ability to earn a bonus are set by the committee annually and are quantitative related. There were no bonuses awarded in 2018.

Share incentive
The committee believes that the award of shares aligns the interest of participants and the shareholders. An LTIP for Messrs. Campbell, Principe and Mighty (Group Chief Operating Officer) was put into place on 19 December 2013, reflecting the terms set out in the Company's admission document. The balance of this award lapsed in December 2016. A further award under the LTIP was made in September 2015. The share incentive scheme subsequently expired in September 2017. No share incentives remained at 31 December 2017 or 31 December 2018.

Details of the scheme are given in note 28.

Directors' remuneration report (continued)

Audited directors' remuneration

The total amount of the Directors' remuneration of the Group for the year ended 31 December 2018 is shown below.

	2018	2017
	$000	$000
Aggregate emoluments	1,896	1,818

The emoluments of the Directors are shown below:

	2018	2018	2018	2017
	Fees and salary	Benefit in kind	Total	Total
	$000	$000	$000	$000
Executive Directors				
Bart Campbell (resigned 2 August 2018)	319	15	334	572
Michael Principe (resigned 28 December 2018)	500	28	528	525
Greg Genske (resigned 29 December 2018)	500	-	500	487
Richard Shamsi (resigned 16 September 2018)	254	43	297	-
Donald Malter (resigned 5 June 2017)	-	-	-	91
	1,573	**86**	**1,659**	**1,675**
Non-Executive Directors:				
Keith Sadler	53	-	53	52
Ian Robinson*	53	-	53	52
Ken Wotton**	40	-	40	39
Aggregate emoluments	**1,719**	**86**	**1,805**	**1,818**

* Paid to Anne Street Partners until April 2017, then directly to Mr Robinson

** Paid to Livingbridge EP LLP

Directors' remuneration report (continued)

Directors' service agreement and letters of appointment

Contract for services are negotiated on an individual basis as part of the overall remuneration package. Details are set out below.

	Date of contract	Notice Period	Company with whom contracted
Bart Campbell (resigned)	1 January 2014	12 months	TLA Worldwide plc
Michael Principe (resigned)	8 December 2011	12 months	The Legacy Agency Inc.
Greg Genske (resigned)	31 December 2016	5 years from date of contract	The Legacy Agency Inc.
Richard Shamsi (resigned)	30 November 2017	6 months	TLA Worldwide plc

In the event of termination of a contract, each director was entitled to compensation equal to his or her basic salary and bonus for their notice period.

Non-executive Directors have letters of appointment, details of which are as follows:

	Date of contract	Notice Period	Company with whom contracted
Keith Sadler	16 August 2011	6 months	TLA Worldwide plc
Ian Robinson	22 May 2014	6 months	TLA Worldwide plc
Ken Wotton	1 December 2016	6 months	TLA Worldwide plc

Directors' interests in shares

The interests of the Directors in the share capital of the Company at 31 December 2018 were as follows:

	Number of shares	Equity %
Ian Robinson *	40,000	0.28

* Shares held through Mr Robinson's personal pension plan

Pensions

The Group's US business operated a 401K pension (defined contribution) scheme. No pension scheme existed in the Group at 31 December 2018.

Non-Executive Directorships

The Company allows its Executive Directors to take a limited number of outside Directorships. Individuals retain the payments received from such services since these appointments are not expected to impinge on their principal employment. Bart Campbell is Chairman of the Melbourne Storm Rugby Club.

Directors' remuneration report (continued)

Other related party instructions
No Director of the Company has, or had, a disclosable interest in any contracts of significant subsisting during or at the end of the period. Disclosable transactions by the Group under IAS24, Related Party Disclosures, are set out in note 29. There have been no other disclosable transactions by the Company and its subsidiaries with Directors of Group companies and with substantial shareholders.

By order of the Board

Ian Robinson
Chairman, Remuneration Committee
3 June 2019

Corporate governance report

The Board of TLA Worldwide plc is responsible for the Group's corporate governance policies and recognises the importance of high standards of corporate governance and integrity. The Company has adopted the Quoted Companies Alliance Code for Small and Mid-sized Quoted Companies 2018 (the "QCA Code"), in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code, as the basis of the Company's governance framework.

The Board believes that good corporate governance reduces risks within the business, promotes confidence and trust amongst its stakeholders and is an important part of the effectiveness and efficiency of the Company's management framework. The Board considers that the Company complies with the QCA Code so far as is practicable having regard to the size, nature and current stage of the Company's development. The Company will provide annual updates on its compliance with the QCA Code.

The Company's application of the ten principles of the QCA Code are set below:

1. Strategy & business model
The Group's business model and strategy is set out in this document in the Strategic Report on pages 2 to 14 and also includes details of the key risks and challenges facing the Group.

2. Understanding and meeting shareholder needs and expectations
Feedback from investors is obtained through direct interaction between the Company's executive management team at meetings following its full year and half year results, and certain other adhoc meetings that take place throughout the year. The voting record at the Company's general meetings is monitored and we are pleased that all resolutions were passed by shareholders at the 2018 Annual General Meeting.

There is regular dialogue through the medium of the Company's corporate brokers, Beaumont Cornish Limited, and the Company seeks to stay abreast of shareholder expectations and reactions through its brokers, registrars, investor roadshows and meetings with key investors.

3. Taking into account wider stakeholder and social responsibilities and their implications for long-term success

Employees of the Group are given opportunities to provide feedback directly to the divisional CEO or business unit heads and to enable employees to ask questions and raise issues and to provide colleagues with updates on the business.

4. Embedding effective risk management
The Group has established systems of internal control and risk management procedures, in order to identify, manage and mitigate risks.

In common with other organisations, the Group faces risks that may affect its performance. Identification, management and mitigation of such risks and uncertainties across the Company is an essential part of the ability to deliver its strategy.

The Board has identified those risks which are deemed principal to its business due to their potential severity and link to the Group's strategy, markets and operations. The principal risks and uncertainties identified by management and how they are being managed are set out in note 27 of the Annual Report.

Corporate governance report (continued)

5. Maintaining a balanced and well-functioning board

The Board currently comprises three Non-Executive Directors being Keith Sadler, Ken Wotton and Ian Robinson. Keith Sadler is the only independent Non-Executive Director and as such the Board does not comply with the QCA Code in this regard as it does not have two independent Non-Executive Directors. However, the Board believes the current structure is appropriate for the time being given the current status of the Group. The composition and operation of the Board is described on page 15 of this report and biographical details of the Board are also on page 15.

The Board delegates specific responsibilities to the Board committees. The composition of the committees and how they discharge their responsibilities can be found on pages 27 and 28 of the Annual Report and Accounts. Part of the role of the Board's is to ensure that the composition of the Board is kept under review as the Group's business evolves.

6. Having appropriate experience, skills and capabilities on the Board

The experience and skills of each of the Board members is set out on page 15 of this report and is both recent and relevant in all of their cases. The Board has significant and an appropriate level of experience, skill and capabilities given the nature and size of TLA Worldwide plc but the Board does intend to appoint further independent Non-executive Directors in the future. A further update will be provided in this regard when appropriate.

7. Evaluating board performance

The Board reviews the succession plans of both the Board and senior management on a regular basis. The Board identifies and nominate candidates to fill vacancies as and when they arise. The board also evaluate the balance of skills, knowledge, experience and diversity on an ongoing basis.

8. Ethical values & behaviours

The Board recognises its responsibility for establishing high ethical standards of behaviour and corporate governance and the Group has policies in place, including, but not limited to: health and safety; anti-bribery; environmental protection; equal opportunities; equality and diversity; training and development; whistleblowing and modern slavery, to support our approach of conducting business in an open and transparent manner that is in line with the core values.

9. Maintaining governance structures and processes

The role of each member of the Board is clearly defined. The Board has three committees: Audit, Remuneration and Nominations, each with its own terms of reference that are kept under regular review. The Board receives summaries of the matters considered at each meeting and the terms of reference for the Committees require that, for significant issues such as the approval of the Annual Report and Accounts, the role of the relevant Committee is to make a recommendation to the Board for a decision.

10. Communicating with shareholders and other relevant stakeholders

The Board recognises the importance of effective communication with its shareholders. A range of corporate information is available on the Company's website, and this statement and the information within the Company's Annual Report and Accounts provide details to stakeholders on how the Company is governed.

Company performance is communicated to its shareholders and the market in its results announcements, with further trading updates made where required and appropriate.

Corporate governance report (continued)

The Board
The Board of TLA Worldwide plc is comprised of the three Non-Executive Directors. Short biographical details of each Director are set out in the Board of Directors section. The Board is responsible to the shareholders for the proper management of the Group and meets at least five times a year to set the overall direction and strategy of the Group. All strategic operational and investment decisions are subject to Board approval.

The Board is also responsible for ensuring a healthy corporate culture. Based on the nature of its business and the stage of the Group's development, this is largely implemented informally through interaction with employees and the approach to recruitment, with the Directors promoting a transparent, flexible and open culture in recognition that this will best serve the Group's strategy.

All directors are subject to re-election every three years. The Company has additionally supplemented this with the good practice of one third of the total number of Directors standing for re-election at each Annual General Meeting ("AGM"). Therefore Ken Wotton will retire at the upcoming AGM and, being eligible for re-election, offer himself for re-election.

Board Committees

Remuneration Committee
The composition of the Remuneration Committee is disclosed in the Directors' Remuneration Report. The Remuneration Committee, on behalf of the Board, as and when necessary, review and approve the contract terms, remuneration and other benefits of the Executive Directors, senior management and major remuneration plans for the Group.

The Remuneration Committee approves setting of objectives of the Executive Directors and authorises their annual bonus payments for achievement of objectives.

The Remuneration Committee approves remuneration packages sufficient to attract and motivate Executive Directors required to run the Group successfully, but does not pay more than is necessary for this service.

During the year the remuneration committee did not formally meet. Further details of the Group's policies on remuneration and service contracts are given in the Directors' remuneration report.

Audit Committee
The Audit Committee comprises of the three Non-Executive Directors, Keith Sadler, Ian Robinson and Ken Wotton. By invitation, the meeting of the Audit Committee may be attended by any other Directors and the external auditor. The Committee meets not less than twice annually. The Audit Committee oversees the monitoring of the adequacy and effectiveness of the Group's internal controls, accounting policies and financial reporting and provides a forum for reporting by the Group's external auditor. Its duties include keeping under review the scope and results of the audit and its effectiveness, consideration of management's responses to any major audit recommendations and the independence and objectivity of the external auditors. This will include taking into consideration relevant UK professional and regulatory requirements and to develop and implement policy on the engagement of the external auditor to supply non-audit services, considering relevant ethical guidance.

Corporate governance report (continued)

Nominations Committee
The Nominations Committee comprises the three Non-Executive Directors. It is responsible for monitoring the composition and balance of the Board and making recommendations to the Board on potential new Board appointments.

In 2018, the Nominations Committee did not meet.

Company Secretary
The Company Secretary is responsible for advising the Board through the Chairman on all governance issues. All Directors have access to the advice and services of the Company Secretary.

Attendance at Board and Committee meetings

Attendance at Board and Committee meetings

Meeting	Board	Audit	Remuneration	Nominations
Total meetings held	*24*	*2*	-	-
Bart Campbell	9	2	-	-
Michael Principe	20	-	-	-
Greg Genske	17	-	-	-
Keith Sadler	23	2	-	-
Ian Robinson	19	2	-	-
Ken Wotton	22	-	-	-
Richard Shamsi	12	-	-	-

Relationship with shareholders
The Board recognises the importance of effective communication with the Company's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Company communicates to investors through Interim Statements, audited Annual Reports, press releases and the Company's website (www.tlaworldwide.com). Shareholders are welcome to the Company's AGM (notice of which is provided with this report) where they will have the opportunity to meet the Board. The Company obtains feedback through its brokers on the views of institutional investors on a non-attributed and attributed basis and any concerns of major shareholders would be communicated to the Board.

Internal control
Certain accounting issues and control weaknesses which adversely impacted the Group's financial reporting were identified during 2017. Measures were put in place in 2017 and 2018 to mitigate the control weaknesses that contributed to these issues arising. The Board acknowledges its responsibility for establishing and maintaining the Group's internal control and will continue to ensure that management keeps the improved processes under regular review and enhance them where appropriate.

Management structure
The Group has a clearly defined organisational structure, with established lines of reporting and delegation of authority based on job responsibilities and experience.

Corporate governance report (continued)

Financial reporting
Monthly management accounts are intended to provide relevant, reliable, up-to-date financial and non-financial information to management and the Board. Annual plans, quarterly re-forecasts and performance targets allow management to monitor the key business and financial activities and the progress towards achieving objectives. The Board approves the annual budget.

Monitoring of controls
The Audit Committee receives reports from the auditor and reviews the effectiveness of the internal control environment of the Group. Formal policies and procedures are currently being improved to allow the Committee to monitor the controls in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. Significant capital projects, acquisitions and disposals require Board approval.

Going concern
The Group's results for 2018 and the net liabilities position at 31 December 2018 reflect the issues the Group has faced during the period and, following a strategic review of the business in September 2018, the US businesses were sold on 28 December 2018. The decision has also been made to sell the Group's Australian business. The Group is progressing the sale of the Australian business with its preferred buyer, the proceeds from which are intended to facilitate settlement of the Group's bank borrowings. Following the sale and subsequent settlement of the borrowings the Company will become an AIM Cash Shell under AIM Rule 15. The board then intends to seek a business that can be reversed into the Company. The Company has 12 months from the date of the sale of the Australian businesses to complete a reverse takeover, during which period the board intends to keep costs to a minimum in order to preserve cash. Should the sale not complete as anticipated, or if it is not possible to complete a reverse takeover, or should funds not be available to sustain the Company during the foreseeable future, the going concern position of the Company would be at risk.

The Directors believe that the sale of the Australian business is likely complete before the expiry of the Forbearance Agreement with SunTrust and that the arrangements agreed with the Group's lender to settle the borrowings will leave the Group with sufficient financial resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Therefore, at the time of approving the financial statements, subject to the expected sale of the Australian business, the Directors have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future. As a result the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

Corporate social responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to consider the interests of the Group's stakeholders including investors, employees, suppliers and business partners when operating the business.

Employment
The Group has established polices which address key corporate objectives in the management of employee relations, communications and employee involvement, training and personal development and equal opportunity. The Board recognizes its legal responsibility to ensure the wellbeing, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for its visitors. Health and Safety is on the agenda for regular scheduled Board and Operational Board meetings.

Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee report for the financial period ended 31 December 2018. This report sets out the activities of the Audit Committee during 2018.

The Audit Committee is governed by terms of reference which are agreed by the Board and subject to annual review. The principal objectives of the Committee are to:

Corporate governance report (continued)

Principle responsibilities of the committee:

- Ensuring the financial performance of the Group is properly reviewed, measured and reported;
- Monitoring the quality and adequacy of internal controls and internal control systems implemented across the Group;
- Receive and review reports from the Group's management and auditors relating to the interim and annual accounts;
- Reviewing risk management policies and systems;
- Advising on the appointment, re-appointment and remuneration of independent external auditors, besides scheduling meetings with external auditors independent of management for discussions and reviews; and
- Reviewing and monitoring the extent and independence of non-audit services rendered by external auditors.

Members of the Committee

During the reporting period, the Committee comprised of Bart Campbell (resigned August 2018), Keith Sadler, Ian Robinson and Ken Wotton (appointed to the committee on 14 September 2018).

Internal controls and risk

The Board assigns to the Committee the responsibility of monitoring and improving the Group's internal controls governing the finances of the business. The system of internal controls is vital in managing the risks that face the Group and safeguarding shareholders' interests.

Audit Process

The Committee reviews the findings of RSM UK Audit LLP and then approves the scope of work to be undertaken for the next financial reporting year, including the associated audit fees. In addition, a review of the effectiveness of the external audit process is undertaken and an annual assessment of the external auditor's independence is made.

By order of the Board

Dwight Mighty
Company Secretary
3 June 2019

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibilities statement (continued)

Responsibility statement
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

By order of the Board

Keith Sadler
Director
3 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC

Disclaimer of opinion
We were engaged to audit the financial statements of TLA Worldwide plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Statement of Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We do not express an opinion on the accompanying financial statements of the group. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the group financial statements.

Basis for disclaimer of opinion
The audit evidence available to us was limited because, as set out in note 9, following a strategic review of the group's operation, the Directors entered a process which has resulted in the sale of the group's US operations and the proposed sale of the Australian operations and have also terminated the trading activities of the UK operations. The sale of the US business occurred prior to the year and this meant that it was no longer under the control of TLA Worldwide PLC and our audit on the group was limited because the directors were no longer able to provide us with access to the accounting records of the US business. The proposed sale of the Australian business commenced prior to the 31 December 2018 year end and was expected to complete shortly thereafter. The process has been delayed on a number of occasions since then and during this time the directors were unable to grant us access to the underlying books and records of that business. As a result of the sale of the US operations and the proposed sale of the Australian operations, we have been unable to obtain access to the underlying books and records of these operations sufficient to perform an audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). As such, a limitation of scope has been placed upon us by the company with regard to the results of the US and Australian operations for the year ended 31 December 2018 and statement of financial position of the Australian operations as at that date.

As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning both the Australian operations as at 31 December 2018 and on the loss for the year from the discontinued operations and the loss recognised on the measurement to fair value less costs to sell the discontinued operations of both the US and the Australian businesses.

Other matter
We have reported separately on the parent company financial statements of TLA Worldwide Plc for the year ended 31 December 2018. That report includes details of parent company key audit matters, how we applied the concept of materiality in planning and performing the parent company audit and an overview of the scope of our parent company audit. That report includes a material uncertainty relating to the going concern basis of accounting.

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the group financial statements as a whole. Based on our professional judgement, we determined a magnitude of uncorrected misstatements that we judge would be material for the group financial statements as a whole at $1.4m which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of $40,000 as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC *(continued)*

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the group and its control environment, including group-wide controls, and assessing the risks of material misstatement. The group financial statements were planned to be audited on a consolidated basis and an entity level using group materiality. The scope of our audit was planned to cover 100% of both consolidated loss before tax and consolidated net assets however, as described in the basis for disclaimer of opinion paragraph, there was a limitation of scope with regard to the trading results of the US and Australian operations for the year ended 31 December 2018 and, as a result, we have been unable to form an opinion on the financial statements of the group.

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

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

Disclaimer of opinion on other matters prescribed by the Companies Act 2006
Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion whether, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
Arising from the limitation of our work referred to above:

- we have been unable to determine whether there are material misstatements in the strategic and/or the directors report in the light of the knowledge and understanding of the group and its environment obtained in the course of the audit;
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC *(continued)*

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our responsibility is to conduct an audit of the group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the group financial statements.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the group financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

David Clark (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 3 June 2019

TLA Worldwide plc

Group Income Statement
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Continuing operations			
Administrative expenses		(4,504)	(5,095)
Operating loss		(4,504)	(5,095)
Headline EBITDA (continuing and discontinued operations)		(1,098)	4,673
Amortisation and impairment of intangibles	11	(702)	(3,596)
Depreciation	12	(270)	(248)
Exceptional and acquisition related costs (continuing)	3	(680)	(2,046)
Exceptional and acquisition related income/(costs) (discontinued)	3	1,074	(3,867)
Share based payments	28	-	(1,066)
Loss on sale of subsidiaries	9	(25,345)	-
Add back: operating loss from discontinued operations	1	22,517	1,055
Operating loss from continuing operations		(4,504)	(5,095)
Loss before taxation	3	(4,504)	(5,095)
Taxation	7	(2)	35
Loss after taxation from continuing operations		(4,506)	(5,060)
Loss after taxation from discontinued operations	9	(23,736)	(2,726)
Loss after taxation for the year		**(28,242)**	**(7,786)**

Loss for the financial year is entirely attributable to the owners of the parent company.

Loss per share from continuing operations attributable to the owners of the parent company:			
Basic (cents)	2	(3.14)	(3.53)
Diluted (cents)	2	(3.14)	(3.53)
Loss per share from discontinued operations attributable to the owners of the parent company:			
Basic (cents)	2	(16.55)	(1.90)
Diluted (cents)	2	(16.55)	(1.90)
Loss per share from total operations attributable to the owners of the parent company:			
Basic (cents)	2	(19.69)	(5.42)
Diluted (cents)	2	(19.69)	(5.42)

TLA Worldwide plc

Group Statement of Comprehensive Income
For the year ended 31 December 2018

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Loss for the year	(28,242)	(7,786)
Exchange differences on translation of overseas operations	(1,384)	624
Total comprehensive expense	**(29,626)**	**(7,162)**

Continuing operations	(5,675)	(4,618)
Discontinued operations	(23,951)	(2,544)
Total comprehensive expense	**(29,626)**	**(7,162)**

Total comprehensive expense for the financial year is entirely attributable to the owners of the parent company.

TLA Worldwide plc

Group Balance Sheet
31 December 2018

	Note	31 December 2018 $000	31 December 2017 $000
Non-current assets			
Goodwill	10	-	43,259
Intangible assets	11	-	1,106
Property, plant and equipment	12	-	544
Deferred tax asset	8	-	6,875
Derivative financial instruments	18	-	15
		-	**51,799**
Current assets			
Trade and other receivables	13	2,150	13,199
Cash and cash equivalents		837	11,630
		2,987	**24,829**
Assets of disposal group classified as held for sale	14	25,292	-
Total current assets		**28,279**	**24,829**
Total assets		**28,279**	**76,628**
Current liabilities			
Trade and other payables	15	(1,624)	(19,693)
Borrowings	17	(22,465)	(6,250)
Contingent consideration	19	-	(6,552)
		(24,089)	**(32,495)**
Liabilities directly associated with assets classified as held for sale	16	(15,229)	-
Total current liabilities		**(39,318)**	**(32,495)**
Net current liabilities		**(11,039)**	**(7,666)**
Non-current liabilities			
Borrowings	17	-	(21,875)
Contingent consideration	19	-	(3,671)
		-	**(25,546)**
Total liabilities		**(39,318)**	**(58,041)**
Net (liabilities)/assets		**(11,039)**	**18,587**
Equity			
Share capital	21	4,473	4,473
Share premium	22	46,079	46,079
Merger reserve		309	309
Foreign currency reserve		(7,647)	(6,263)
Retained loss		(54,253)	(26,011)
Total equity attributable to owners of the parent company		**(11,039)**	**18,587**

The financial statements of TLA Worldwide PLC, registered Company number 07741649 were approved by the Board of Directors and authorised for issue on 3 June 2019. They are signed on its behalf by:

Keith Sadler
Diector

TLA Worldwide plc

Group Statement of Changes in Equity
For the year ended 31 December 2018 and 2017

	Attributable to owners of the parent company							
	Share Capital	Share Premium	Merger Reserve	Foreign Currency Reserve	Share based payment reserves	Employee share reserve	Retained Loss	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2017	**4,473**	**46,079**	**309**	**(6,887)**	**3,859**	**(9,633)**	**(13,517)**	**24,683**
Total comprehensive income for the year	-	-	-	624	-	-	(7,786)	(7,162)
Credit to equity for share based payments	-	-	-	-	1,066	-	-	1,066
Share options expired	-	-	-	-	(4,925)	-	4,925	-
Transfer to retained earnings	-	-	-	-	-	9,633	(9,633)	-
Balance at 1 January 2018	**4,473**	**46,079**	**309**	**(6,263)**	**-**	**-**	**(26,011)**	**18,587**
Total comprehensive income for the year	-	-	-	(1,384)	-	-	(28,242)	(29,626)
Balance at 31 December 2018	**4,473**	**46,079**	**309**	**(7,647)**	**-**	**-**	**(54,253)**	**(11,039)**

TLA Worldwide plc

Group Statement of Cash Flows
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Net cash flows from operating activities	24	**(6,776)**	**7,583**
Investing activities			
Purchases of property, plant and equipment	12	(36)	(297)
Contingent consideration paid	19	-	(750)
Purchase of other intangible assets	11	(88)	(42)
Proceeds on disposal of subsidiaries (net of cash disposed)	9	5,649	-
Net cash generated from / (used in) investing activities		**5,525**	**(1,089)**
Financing activities			
Interest paid		(1,719)	(1,426)
Repayment of borrowings		(5,660)	(2,500)
Net cash used in financing activities		**(7,379)**	**(3,926)**
Net (decrease) / increase in cash and cash equivalents		**(8,630)**	**2,568**
Cash and cash equivalents at beginning of the year		**11,630**	**8,566**
Foreign currency translation effect		35	496
Cash and cash equivalents at end of the year		**3,035**	**11,630**
Cash and cash equivalents comprise:			
Continuing operations		837	11,630
Disposal group classified as held for sale		2,198	-
Total cash and cash equivalents		**3,035**	**11,630**

PRINCIPAL ACCOUNTING POLICIES

General information
TLA Worldwide PLC (the "Company") is incorporated and domiciled in the United Kingdom under the Companies Act. The Company and its subsidiaries (together the "Group") principal activities are set out as part of the Strategic Report. These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the foreign currencies accounting policy set out below.

Standards and interpretations not yet applied
The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2018, as adopted by the European Union, and have not been early adopted:

IFRS 16 Leases (effective 1 January 2019)
IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019)
Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective 1 January 2019)
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective 1 January 2019)
Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)
Amendment to IFRS 3 Business Combinations (effective 1 January 2020)
Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)
IFRS 17 Insurance Contracts (effective 1 January 2021)

Except for the implementation of IFRS 16, the directors do not expect the adoption of these standards to have any material impact on the financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements. Judgements made by the Directors in the application of these accounting policies that have a significant effect on the consolidated financial statements together with estimates with significant risk of material adjustment in the next year are discussed in note 26.

Application of new standards in issue
For the preparation of these consolidated financial statements, the following new or amended standards have been adopted for the financial year beginning 1 January 2018:

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
Annual Improvements to IFRS Standards 2014-2016 Cycle (effective 1 January 2018)
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
IFRS 9 Financial instruments (effective 1 January 2018)
IFRS 15 Revenue from contracts with customers (effective 1 January 2018)

Initial application of IFRS 9 'Financial Instruments' (IFRS 9)

The group has applied IFRS 9 'Financial Instruments' (IFRS) for the first time in the year ended 31 December 2018. IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and measurement'. The significant changes are set out below.

PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new standards in issue (continued)
The classification of financial assets under IFRS 9 is based on whether the contractual cash flows of the instrument are solely payments of principal and interest, and whether the business model is to collect those contractual cash flows and/or sell the financial assets. All the group's financial assets were previously classified as loans and receivables under IAS 39 and are classified as assets at amortised cost under IFRS 9. The application of IFRS 9 has not changed the measurement of the company's financial liabilities or the group's accounting policies for the recognition or derecognition of financial instruments. The classification and measurement of financial assets under IFRS 9 is set out in the accounting polices below.

There were no adjustments recognised in prior periods or the current period arising on transition to IFRS 9.

Initial application of IFRS 15 'Revenue from contracts with customers' (IFRS 15)

The Group has adopted IFRS 15 Revenue from Contracts with Customers for the first time in these financial statements for the annual reporting period beginning 1 January 2018. IFRS 15 replaces IAS 11, IAS 18 and their interpretations.

IFRS 15 establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new and improved guidance.

The accounting policies for the Group's revenue are included below.

The implementation of IFRS 15 gives rise to no quantitative impact on the amounts recognised in the Group's financial statements and consequently no IFRS 15 transition note has been presented in these financial statements.

Initial application of IFRS 16 'Leases' (IFRS 16) – effective 1 January 2019

IFRS 16 replaces IAS 17 and its interpretations, and the biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 will be adopted in the Group's consolidated financial statements when it becomes mandatory for the year ended 31 December 2019.

For the Group's non-cancellable operating lease commitments of $2,447,000 as at 31 December 2018 (2017: $5,266,000) (Note 20), preliminary assessments indicate that the lease arrangements will continue to meet the definition of a lease under IFRS 16. This will have an impact on the amounts recognised in the Group's financial statements, whereby the company will recognise a right-of-use asset and a corresponding liability in respect of these leases. The preliminary assessments have not yet identified the amount of the right-of-use asset or of the corresponding lease liability which will be recognised, and neither has the net impact on the income statement of the reversal of the annual future rental payments of approximately $373,000 and the corresponding replacement with a depreciation charge and interest expense.

PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern
The Group's results for 2018 and the net liabilities position at 31 December 2018 reflect the issues the Group has faced during the period and, following a strategic review of the business in September 2018, the US businesses were sold on 28 December 2018 and the decision has been made to also sell the Group's Australian business. The Group is progressing the sale of the Australian business with its preferred buyer, the proceeds from which are intended to facilitate settlement of the Group's bank borrowings. Following the sale and subsequent settlement of the borrowings the Company will become an AIM Cash Shell under AIM Rule 15. The board then intends to seek a business that can be reversed into the Company. The Company has 12 months from the date of the sale of the Australian business to complete a reverse takeover, during which period the board intends to keep costs to a minimum in order to preserve cash. Should the sale not complete as anticipated, or if it is not possible to complete a reverse takeover, or should funds not be available to sustain the company during the foreseeable future, the going concern position of the Company would be at risk.

The Directors believe that the sale of the Australian business is likely to complete before the expiry of the Forbearance Agreement with SunTrust and that the arrangements agreed with the Group's lender to settle the borrowings will leave the Group with sufficient financial resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Therefore, at the time of approving the financial statements, subject to the expected sale of the Australian business, the Directors have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future. As a result the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS regulation.

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

PRINCIPAL ACCOUNTING POLICIES (continued)

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquired business prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to Income Statement, where such treatment would be appropriate if that interest were disposed of.

The acquired business's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively*;*

- liabilities or equity instruments related to the replacement by the Group of an acquired business's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Discontinued Operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Group Income Statement.

PRINCIPAL ACCOUNTING POLICIES (continued)

Discontinued Operations (continued)
In accordance with 'IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations' comparative figures for the prior period have been restated in the Group Income Statement so that the discontinued operations disclosures relate to all operations that have been discontinued at 31 December 2018.

Revenue
Revenue is measured based on the consideration specified in a contract with a customer. Amounts collected on behalf of third parties are excluded. Revenue is recognised by the Company when it transfers control over a product or service to a customer.

Revenue is measured as the fair value of the consideration received or receivable and comprises amounts billed to clients in respect of fees earned and commission-based income fees earned from the provision of support services to other agents or events promoters (and is stated exclusive of any relevant sales taxes); and the revenue or the share of revenues on events where the Group is a promoter. Revenue is recognised in line with the provision of relevant services and obligations under the terms of the contract or, in the case of events, once the event has occurred and there are no unfulfilled obligations under the terms of the contract, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue is generated from the Group's operating segments which represent Baseball Representation and Sports Marketing. Revenue across these two segments can be split into six revenue streams:

1) *Representation revenue*
Representation revenue is generated from a commission paid as a percentage of a player's base salary. Base salaries are fees payable by clubs to their players. These fees are contractual obligations made by the club to pay the player for a specific number of seasons.

Contractual arrangements are reviewed to ascertain whether the Group acts as principal or agent with regards to third party costs. If the relationship is that of agent then the recharge of third party costs is not recognised through revenue or cost of sales.

Revenue is recognised over the period the player makes themselves eligible for play.

2) *Signing bonuses*
Signing bonuses are amounts payable by the clubs to the player for signing a contract. The Group earns a commission based on a percentage of the signing bonus. Commission revenue is recognised when the player has signed the contract and is available for team selection.

3) *Endorsement revenue*
Endorsement revenue is generated from commission calculated as a percentage of fees earned by clients for guest appearances, wearing of certain attire or other sponsorship deals. Revenue from endorsement commission is recognised over the period of the contract where performance obligations are required over the period of the contract, otherwise the revenue is recognised upon signing the contract. Revenue from appearance commission is recognised after fulfilment of the appearance.

4) *Sponsorship revenue*
Sponsorship revenue is generated from commission calculated as a percentage of fees earned by placing sponsors for certain events. Revenue is recognised based on the terms of the individual contracts, which is usually upon occurrence of the event.

5) *Event revenue*
Event revenues are generated where the Group acts a promoter for an individual event or group of events. Revenue is recognised upon completion of the event.

PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue (continued)
6) *Merchandise*
Merchandise revenue principally arises from the sale of goods and is recognised when the customer takes possession which is generally when the goods are delivered, the customer has full discretion over future use of the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue is adjusted for estimated customer returns, rebates and other similar allowances.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Property, plant and equipment
The fixtures and fittings are stated at cost. Depreciation is computed on the straight-line method using an estimated useful life ranging from three to five years. Repairs and maintenance are charged as an expense in the year incurred, and major improvements and new assets are capitalized.

It is assumed that all assets will be used until the end of their useful life.

Intangible assets and goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquired business's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business and the fair value of the acquirer's previously held equity interest in the acquired business (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

PRINCIPAL ACCOUNTING POLICIES (continued)

Intangible assets and goodwill
Intangible assets arising from a business combination whose fair values can be reliably measure are separated from goodwill and amortised based on the future cash flows attributable to the individual assets.

Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangibles assets are amortised on a straight line basis from the date they are available for use. The estimated useful lives are as follows:

- Client contracts – over the life of the contract
- Customer relationships – 6 - 8 years
- Other – 3 - 5 years

Impairment
For goodwill that has an indefinite useful life the recoverable amount is estimated annually. For other assets the recoverable amount is only estimated when there is an indication that impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currencies
The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in US Dollars which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Income Statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to Income Statement on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as investments in equity securities classified as available for sale, are included in the fair value reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at an amount and the amount of the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arose.

Finance costs
Finance costs of financial liabilities are recognised in the income statement over the term of such instruments at a constant rate of the carrying amount.

Operating leases
Leases where substantially all of the risks and rewards of ownership are not transferred to the Group are treated as operating leases. Rentals under operating leases are charged to the income statement on a straight line basis over the period of the lease.

PRINCIPAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets
Financial assets are recognised when the group becomes party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Impairment of trade receivables
For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment of other receivables measured at amortised cost
The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Group's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Group compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial liabilities and equity
Financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Trade, group and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade, group and other payables, including borrowings, are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial assets (including write-offs) and financial liabilities
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Financial instruments measured in accordance with IAS 39
The following accounting policy applied to the impairment of trade and other receivables before 1 January 2018:

Trade and other receivables under IAS 39
Trade and other receivables and loans were classified as loans and receivables and were initially recognised at fair value plus transaction costs. They were subsequently measured at their amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment was made where there was objective evidence (including customers with financial difficulties or in default on payments) that amounts would not be recovered in accordance with the original terms of the agreement.

PRINCIPAL ACCOUNTING POLICIES (continued)

Derivative financial instruments
The Group entered into an interest rate swap to manage its exposure to interest rate risk. Further details of derivative financial instruments the Group holds are disclosed in note 18.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the Income Statement immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments
Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs. Investments are classified either as available for sale, and are measured at subsequent reporting dates at fair value, or at amortised cost, where no fair value is readily determinable.

Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Share based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

PRINCIPAL ACCOUNTING POLICIES (continued)

Share based payments (continued)
The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Non-GAAP measures
In reporting financial information, the Group presents alternative performance measures, "APMs", which are not defined or specified under the requirements of IFRS.

The Group believes that their APM of Headline EBITDA provides shareholders with useful information about the Group's trading performance. This measure is consistent with how the business is monitored and reported internally to management and the Board, and the measure applied in banking covenant calculations. Certain of these measures are used for the purposes of setting remuneration targets.

The Group makes adjustments to the statutory profit measure in order to arrive at Headline EBITDA. The Group's policy is to exclude items that are considered to be significant in both nature and quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the trading performance of the Group. On this basis, the following items were included as adjusting items to arrive at Headline EBITDA for the year ended 31 December 2018:

- amortisation and impairment of acquired intangible assets - this helps the comparability between acquired operations and organically grown operations, as the latter are not permitted to recognise internally generated intangible assets;
- depreciation – this is a non-cash item in the period;
- acquisition related charges which do not represent underlying operating costs;
- share based payment charges - this item is adjusted when calculating compliance with banking covenants;
- loss on sale of subsidiary undertakings;
- unwinding of discount on contingent consideration – this represents a non-trading item; and
- other exceptional items – these are adjusted when calculating compliance with banking covenants. See note 3 for further detail on these items.

The reconciliation between operating profit from continuing operations and Headline EBITDA is shown on the face of the Group Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental analysis

In order to allow the user of the financial statements to understand more fully the Group's operations from its principal activities, the segmental analysis provided below presents full details of the Baseball Representation and Sports Marketing business segments activity which are classified as discontinued operations in the Group Income Statement. Consequently, the gross profit, operating loss and finance income/costs disclosed below do not directly correspond to the Group Income Statement.

Prior to the events giving rise to classification of the Group's principal activities as discontinued operations, the Group reported its business activities in two areas: Baseball Representation and Sports Marketing. Central costs represent the Group's costs as a public company, along with certain exceptional items and acquisition related costs (see note 3).

In 2018 the Central costs represent the entirety of the Group's continuing operations. Central costs in the 31 December 2017 segmental analysis do not reflect the 2017 continuing operations as Central costs also included certain exceptional and other items of expenditure now classified as discontinued in that period.

The Group revenue was derived in the United States of America, Australia and United Kingdom.

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

Sports Marketing – primarily assists with the on-field and off-field activities of athletes; it represents broadcasters and coaches in respect of their contract negotiations; manages, produces events, primarily in sports, PR and activation, media consultancy and the selling of merchandise, primarily in sport.

All the Group's revenue arose through the rendering of services. In the year ended 31 December 2018, there were no clients who generated more than 5% percent of total revenue (2017: none).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the principal accounting policies. Segment profit represents the profit earned by each segment, central administration costs including Directors' salaries, exceptional, acquisition and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Segmental Analysis (Continued)

Year ended 31 December 2018

	Discontinued operations	Discontinued operations	Discontinued operations	Continuing operations	
	Baseball Representation	Sports Marketing	Total	Central	Total
	$000	$000	$000	$000	$000
Revenue - discontinued	12,778	37,959	50,737	-	50,737
Cost of sales - discontinued	(1,020)	(18,041)	(19,061)	-	(19,061)
Gross profit - discontinued	**11,758**	**19,918**	**31,676**	**-**	**31,676**
Operating expenses excluding depreciation, amortisation, acquisition related costs and exceptional items	(10,609)	(18,341)	(28,950)	(3,824)	(32,774)
Headline EBITDA	**1,149**	**1,577**	**2,726**	**(3,824)**	**(1,098)**
Amortisation and impairment of intangibles	(347)	(355)	(702)	-	(702)
Depreciation	(108)	(162)	(270)	-	(270)
Exceptional items and acquisition related costs	886	188	394	(680)	394
Statutory operating loss				**(4,504)**	
Discontinued operating profit	**1,580**	**1,248**	**2,828**		
Loss on sale of discontinued operations			(25,345)		(25,345)
Headline operating loss			**(22,517)**	**(4,504)**	**(27,021)**
Finance costs			(1,719)	-	(1,719)
Taxation			500	(2)	498
Loss for the year			(23,736)	(4,506)	**(28,242)**
Assets	**-**	25,292	25,292	2,987	**28,279**
Liabilities	**-**	(15,229)	(15,229)	(24,089)	**(39,318)**
Capital employed	**-**	**10,063**	**10,063**	**(21,102)**	**(11,039)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Segmental Analysis (Continued)

Year ended 31 December 2017

The following segmental disclosures for 31 December 2017 are stated prior to any adjustment for operations subsequently discontinued:

	Baseball Representation	Sports Marketing	Central	Total
	$000	$000	$000	$000
Revenue	15,476	35,624	-	51,100
Cost of sales	(499)	(15,801)	-	(16,300)
Gross profit	**14,977**	**19,823**	**-**	**34,800**
Operating expenses excluding depreciation, amortisation, share based payments, acquisition related costs and exceptional items	(11,626)	(13,961)	(4,540)	(30,127)
Headline EBITDA	**3,351**	**5,862**	**(4,540)**	**4,673**
Amortisation of intangibles	(2,431)	(1,165)	-	(3,596)
Depreciation	-	(81)	(167)	(248)
Exceptional items and acquisition related costs	(2,503)	(433)	(2,977)	(5,913)
Share based payments	-	-	(1,066)	(1,066)
Operating profit/(loss)	**(1,583)**	**4,183**	**(8,750)**	**(6,150)**
Finance costs				(2,307)
Taxation				671
Loss for the year				**(7,786)**
Assets	30,535	38,663	7,430	76,628
Liabilities	(9,897)	(18,878)	(29,266)	(58,041)
Capital Employed	**20,638**	**19,785**	**(21,836)**	**18,587**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Segmental Analysis (Continued)

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue	
	2018	**2017**
	$000	**$000**
Discontinued operations		
United Kingdom	745	7,498
North America	22,362	20,836
Australia	27,630	22,766
	50,737	**51,100**

	Non-Current Assets	
	2018	**2017**
	$000	**$000**
United Kingdom	-	3
North America	-	36,480
Australia	-	15,316
	-	**51,799**

2. Loss and headline (loss) / earnings per share

Loss per share from continuing operations attributable to ordinary shareholders:

	Year ended 31 December 2018 cents per share	Year ended 31 December 2017 cents per share
Basic loss per share	(3.14)	(3.53)
Diluted loss per share	(3.14)	(3.53)

Loss per share from discontinued operations attributable to ordinary shareholders:

	Year ended 31 December 2018 cents per share	Year ended 31 December 2017 cents per share
Basic loss per share	(16.55)	(1.90)
Diluted loss per share	(16.55)	(1.90)

Loss per share from total operations attributable to ordinary shareholders:

	Year ended 31 December 2018 cents per share	Year ended 31 December 2017 cents per share
Basic loss per share	(19.69)	(5.42)
Diluted loss per share	(19.69)	(5.42)

2. Loss and headline earnings per share (continued)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for calculating diluted earnings per ordinary share are identical to those used for basic loss per ordinary share as at 31 December 2017 and 31 December 2018 all share options had expired.

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

	2018 $000	2017 $000
Loss from continuing operations for the purposes of basic earnings per share being net loss attributable to owners of the Company	(4,506)	(5,060)
Loss from discontinued operations for the purposes of basic earnings per share being net loss attributable to owners of the Company	(23,736)	(2,726)
Number of Shares		
Weighted average number of shares in issue:	**143,427,199**	**143,427,199**

There were no shares with a dilutive, or potentially dilutive, impact (2017: nil).

3. Loss before taxation

The following are included in loss before tax from continuing operations:

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Exceptional and acquisition related costs (see below)	680	2,046
Staff costs	1,778	1,704
Auditor's remuneration (see note 4)	133	332
Operating leases	76	101
Impairment loss on other receivables (see note 13)	402	803
Foreign exchange gains	(32)	(52)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Loss before taxation (continued)

The exceptional and acquisition related costs/(income) relate to:

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Continuing operations		
Legal and professional costs *	278	1,097
Loan refinancing costs	-	26
Impairment of loans in other ventures **	402	803
Costs related to potential acquisition	-	25
Costs relating to offer by potential investors	-	95
	680	**2,046**
Discontinued operations		
Legal and professional costs *	667	325
Loan refinancing costs	315	470
Redundancy costs	210	-
Costs related to potential acquisition	-	96
Costs relating to offer by potential investors	-	40
Revised earn out agreement costs (note 19)	-	2,088
Fair value movement on valuation of contingent consideration (note 19)	(2,266)	848
	(1,074)	**3,867**

* Legal and professional costs in 2018 were incurred in relation to advice on the sale and reorganisation. In 2017 the costs were incurred as a consequence of the misappropriation of funds and accounting issues, including the costs of forensic accountants, the interim CFO and legal counsel (note 29).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	113	255
Total audit and related assurance fees	**113**	**255**
Interim review	-	72
Other non-audit services	20	5
Total non-audit fees	**20**	**77**
Total fees	**133**	**332**

Auditor's remuneration in the year ended 31 December 2018 is payable to RSM UK Audit LLP. Auditor's remuneration for the year ended 31 December 2017 was payable to Deloitte LLP.

5. Transactions with key management personnel

Key management of the Group is considered to be the Board of Directors and the operational Board.

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Short term benefits:		
Salaries including bonuses	1,720	3,639
Social security costs	177	127
Healthcare and other costs	77	130
Total Remuneration	**1,974**	**3,896**

Further information in respect of Directors is given in the Directors' remuneration report on pages 20 to 24, and in the related parties' note 29.

6. Staff Costs

The average monthly number of employees (including Directors) was:

	2018 Number	2017 Number
Administration/Support	56	58
Agents	90	90
Directors	7	6
	153	**154**

6. Staff Costs (continued)

Their aggregate remuneration (continuing and discontinuing operations) comprised:

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Wages and salaries	20,079	15,452
Social security costs	1,026	799
Other staff costs	671	2,422
Share based payments	-	1,066
	21,776	**19,739**

7. Tax

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
UK Taxes		
Current year	371	(373)
Adjustments in respect of prior year	(5)	36
US Taxes		
Current year	-	(115)
Adjustments in respect of prior year	(235)	153
Australian Taxes		
Current year	(459)	(618)
Total current tax	**(328)**	**(917)**
Deferred tax – current year	826	3,081
Deferred tax – adjustments in respect of prior year	-	(1,493)
	826	**1,588**
Total tax credit	**498**	**671**
Total tax credit is attributable to:		
Loss from continuing operations	(2)	35
Loss from discontinued operations	500	636

Taxation is calculated at the rates prevailing in the respective jurisdiction.

7. Tax (continued)

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

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Loss before tax on continuing operations	**(4,504)**	**(5,095)**
Loss before tax on discontinued operations	**(24,236)**	**(3,362)**
Tax charge at the US corporation tax rate of 21% (31 December 2017: 34%)	6,035	2,875
Effects of:		
Effect of changes in US tax rates	-	(2,511)
Expenses not deductible for tax purposes	(5,201)	(739)
Short term timing differences	(81)	113
Adjustments to tax charge for prior periods	(240)	(195)
Impact of state tax in the USA	220	1,185
Effect of different tax rates of entities operating in other jurisdictions	(235)	(57)
Tax credit for the year	**498**	**671**

The above tax reconciliation is prepared at 21%, being the prevailing rate of federal taxation in the US where the Group undertook the majority of its activities during the year. No amounts in respect of taxation have been recognised in other comprehensive income or directly in equity.

8. Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting period.

	Intangible assets $000	Goodwill $000	Other timing differences $000	Total $000
At 1 January 2017	**(1,820)**	**3,677**	**3,467**	**5,324**
Exchange differences	-	-	(37)	(37)
Credit /(charge) to income for prior year	411	(1,094)	(810)	(1,493)
Credit /(charge) to income	1,093	(145)	2,133	3,081
At 31 December 2017	**(316)**	**2,438**	**4,753**	**6,875**
Exchange differences	14	-	(31)	(17)
Credit /(charge) to income	165	(829)	1,490	826
Disposal on sale	49	(1,609)	(5,933)	(7,493)
Classified as held for sale (note 14)	88	-	(279)	(191)
At 31 December 2018	**-**	**-**	**-**	**-**

	2018 $000	2017 $000
Deferred tax asset	-	7,191
Deferred tax liability	-	(316)
	-	**6,875**

Other timing differences included a deferred tax asset of $2.8 million in respect of losses carried forward which was recognised on the basis of the Group's expected future profitability.

9. Discontinued operations

The loss after taxation from discontinued operations is comprised as follows:

	2018 $000	2017 $000
US subsidiaries	(25,146)	(4,995)
Australian subsidiaries and TLA-ESP Limited	3,954	1,187
TLA Acquisitions Limited	(2,544)	1,082
Loss after taxation from discontinued operations	**(23,736)**	**(2,726)**

US subsidiaries

On 28 December 2018 the Group sold the US subsidiaries The Legacy Agency (NY) Inc., TLA Americas Inc. and The Legacy Agency Inc for consideration of $5,875,000 resulting in a loss on disposal of $25,345,000.

The loss after taxation from discontinued operations included within the consolidated income statement is shown below.

	2018 $000	2017 $000
Revenue	19,333	20,836
Expenses	(19,638)	(27,278)
Loss on disposal	(25,345)	-
Loss before tax	**(25,650)**	**(6,442)**
Taxation	504	1,447
Loss after taxation from discontinued operations	**(25,146)**	**(4,995)**

The loss on disposal of the US subsidiaries shown below is included in loss on discontinued operations in the consolidated Income Statement.

	2018 $000
Sale of discontinued operations	
Total consideration	5,875
Carrying amount of assets disposed	(31,220)
Loss on disposal	**(25,345)**

The carrying amount of assets disposed consisted as follows:

	$000
Goodwill	29,022
Property plant and equipment	151
Cash and cash equivalents	227
Trade and other receivables	10,795
Trade and other payables	(6,389)
Contingent consideration	(2,586)
Carrying amount of assets disposed	**(31,220)**

9. Discontinued operations (continued)

Australian subsidiaries and TLA-ESP Limited

On 12 December 2018 the consolidated entity announced the decision to sell the Australian subsidiaries TLA Merchandise Pty Ltd, The Legacy Agency Australia Pty Ltd and also the UK subsidiary TLA Worldwide (Aust) Pty Ltd and TLA-ESP Limited. TLA Worldwide continues to progress the sale of the Australian sports marketing and event management business and the UK talent representation and marketing business. The profit after taxation from these discontinued operations included within the consolidated income statement is shown below.

	2018 $000	2017 $000
Revenue	28,374	23,647
Expenses	(24,087)	(21,970)
Profit before tax	**4,287**	**1,167**
Taxation	(333)	(490)
Profit after taxation from discontinued operations	**3,954**	**1,187**

TLA Acquisitions Limited

The trade of the UK subsidiary TLA Acquisitions Limited ceased prior to the year end. The (loss)/profit after taxation from discontinued operations included within the consolidated income statement is shown below.

	2018 $000	2017 $000
Revenue	3,029	6,618
Expenses	(5,901)	(5,214)
Loss before tax	**(2,872)**	**1,404**
Taxation	328	(322)
(Loss)/profit after taxation from discontinued operations	**(2,544)**	**1,082**

Cash flow information

The net increase in cash and cash equivalents from discontinued operations was $1,932,000 (2017: £8,799,000).

Sale of the Australian business

The Directors are confident that the sale of the Australian business will complete and that, subject to this expected sale, the arrangements agreed with the Group's lender to settle the borrowings will leave the Group with sufficient financial resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Directors therefore have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future. As a result, and as set on in the Principal Accounting Policies, the Board continues to adopt the going concern basis of accounting.

10. Goodwill

Cost and net book value	**$000**
At 1 January 2017	**42,156**
Exchange differences	1,103
At 31 December 2017	**43,259**
Exchange differences	(1,372)
Classified as held for sale (note 14)	(12,864)
Disposal on sale	(29,023)
At 31 December 2018	**-**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill was allocated as follows:

	2018 $000	**2017 $000**
Baseball representation	-	22,902
Sports Marketing USA	-	6,120
Sports Marketing Australia	-	14,237
Total TLA Worldwide	**-**	**43,259**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

All remaining goodwill relates to the Australian business and is included within non-current assets classified as held for sale at 31 December 2018. The Directors do not consider any need for impairment to goodwill as at 31 December 2018 given the expected surplus of sales proceeds over net assets of the Australian businesses.

The recoverable amounts of all three CGUs in previous periods have been determined from value in use calculations, the key assumptions being those regarding the discount rates, growth rates and direct costs during the period.

No such value in use calculations were perfomed at 31 December 2018 given that the carrying value for goodwill included within the assets of the disposal group has been determined by reference to expected sales proceeds arising from the sale of the Group's Australian subsidiaries.

11. Intangible Assets

	Client contracts $000	Customer relationships $000	Other $000	Total $000
Cost				
At 1 January 2017	**10,447**	**18,811**	**270**	**29,528**
Additions	-	-	42	42
Exchange differences	89	61	23	173
At 31 December 2017	**10,536**	**18,872**	**335**	**29,743**
Additions	-	-	88	88
Classified as held for sale (note 14)	(1,279)	(857)	(391)	(2,527)
Disposal on sale	(9,163)	(17,939)	-	(27,102)
Exchange differences	(94)	(76)	(32)	(202)
At 31 December 2018	**-**	**-**	**-**	**-**
Accumulated amortisation and impairment				
At 31 December 2016	**(9,687)**	**(15,174)**	**(86)**	**(24,947)**
Amortisation charge for the year	(487)	(3,011)	(98)	(3,596)
Exchange differences	(61)	(25)	(8)	(94)
At 31 December 2017	**(10,235)**	**(18,210)**	**(192)**	**(28,637)**
Amortisation charge for the year	(132)	(488)	(82)	(702)
Classified as held for sale (note 14)	1,152	690	255	2,097
Disposal on sale	9,156	17,939	-	27,095
Exchange differences	59	69	19	147
At 31 December 2018	**-**	**-**	**-**	**-**
Carrying amount				
At 31 December 2017	**301**	**662**	**143**	**1,106**
At 31 December 2018	**-**	**-**	**-**	**-**

Amortisation and impairment of intangible assets is included in administrative expenses within discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Property Plant and Equipment

	Fixtures & Fittings $000
Cost	
At 1 January 2017	**856**
Additions	297
Exchange differences	19
At 31 December 2017	**1,172**
Additions	36
Classified as held for sale (note 14)	(462)
Disposal on sale	(732)
Exchange differences	(14)
At 31 December 2018	**-**
Accumulated depreciation	
At 1 January 2017	**(376)**
Charge for year	(248)
Exchange differences	(4)
At 31 December 2017	**(628)**
Charge for year	(270)
Classified as held for sale (note 14)	295
Disposal on sale	581
Exchange differences	22
At 31 December 2018	**-**
Carrying amount	
At 31 December 2017	**544**
At 31 December 2018	**-**

Amortisation and impairment of intangible assets is included in administrative expenses within discontinued operations.

13. Trade and other receivables

	2018 $000	2017 $000
Trade receivables	835	9,724
Other receivables	1,080	1,808
Prepayments	179	973
Other taxes receivable	56	694
	2,150	**13,199**

Trade receivables

Amounts receivable from trade customers are non-interest bearing and have different payment terms depending on the contractual or other arrangements with customers, although generally terms are 30-60 days. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due but not impaired at the reporting date. The average age of these receivables is 120 days (2017: 70 days).

The table below sets out the aging of the Group's trade receivables. The Directors consider amounts over 60 days, net of provision for impairment, to be past due but not impaired.

	2018 $000	2017 $000
0-30 days	807	3,246
30-60 days	8	3,933
60-90 days	10	1,559
> 90 days	10	3,226
Provision for impairment	-	(2,240)
Total	**835**	**9,724**

13. Trade and other receivables (continued)

The Group's trade receivables are reviewed for expected credit losses and provision for impairment is made accordingly. The provision for impairment is set out as follows:

	$000
At 1 January 2017	**3,774**
Charges to operating expenses	1,567
Doubtful debts written off	(3,101)
At 31 December 2017	**2,240**
Charges to operating expenses	434
Doubtful debts written off	(2,635)
Classified as held for sale (note 14)	(39)
At 31 December 2018	**-**

The provision for irrecoverable trade receivables related to receivables that were past due and impaired.

The Group calculates lifetime expected credit losses for trade receivables using a portfolio approach. Receivables are grouped based on the credit terms offered and the product or service sold. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the Group determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

Other receivables

During the year an impairment loss was recognised in respect of other receivable balances of $402k (2017: $803k).

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

14. Assets of disposal group classified as held for sale

	2018 $000	2017 $000
Goodwill	12,864	-
Investment	115	-
Intangible assets	430	-
Property, plant and equipment	167	-
Deferred tax asset	191	-
Cash and cash equivalents	2,198	-
Inventory	1,229	-
Trade receivables	7,003	-
Other receivables	654	-
Prepayments	441	-
	25,292	**-**

The assets identified above represent the assets of TLA Merchandise Pty Ltd, TLA Worldwide (Aust) Pty Ltd and TLA-ESP Limited, subsidiaries of the Group for which sale arrangements are currently in progress. Refer to note 9 for further information.

15. Trade and other payables

	2018 $000	2017 $000
Trade payables	815	6,801
Accruals and other amounts payable	809	7,055
Deferred income	-	5,188
Current taxes payable	-	649
	1,624	**19,693**
Total trade and other payables		
Amount due for settlement within 12 months	1,624	19,693
Amount due for settlement after 12 months	-	-
	1,624	**19,693**

Amounts payable to providers of services and accruals principally comprise amounts outstanding for trade purchases, ongoing costs. The average credit period taken for trade purchases is 58 days (2017: 67 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

16. Liabilities directly associated with assets classified as held for sale

	2018 $000	2017 $000
Trade payables	4,767	-
Accruals and other amounts payable	5,068	-
Deferred income	509	-
Current taxes payable	125	-
Contingent consideration	4,760	-
	15,229	**-**

The liabilities identified above represent the liabilities of TLA Merchandise Pty Ltd, TLA Worldwide (Aust) Pty Ltd and TLA-ESP Limited, subsidiaries of the Group for which sale arrangements are currently in progress. Refer to note 9 for further information.

17. Borrowings

	2018 $000	2017 $000
Secured borrowing at amortised cost		
Bank loans	22,465	23,125
Revolving credit facilities	-	5,000
	22,465	**28,125**
Total borrowings		
Amount due for settlement within 1 year	22,465	6,250
Amount due for settlement between 1 - 5 years	-	21,875
	22,465	**28,125**

All borrowings are denominated in US dollars.

The banking facilities are being operated under a Forbearance Agreement in place with Group's bank at 31 December 2018. Under this agreement no interest is accruing on the bank borrowings. The Forbearance Agreement requires the proceeds from the disposal of the Australian businesses to be ringfenced to repay the debt, with any shortfall being written off by the bank.

The facilities hold security against trade receivables and contracted revenue.

Prior to the arrangement of the Forbearance Agreement, and at 31 December 2017, the terms of the bank loan were of an interest margin which varied between 3.0% and 5.5 over US LIBOR, depending on the Group's leverage ratio; fees of between 1.0% to 2.0% payable on any payments made over and above the quarterly agreed repayment schedule; covenants encompassing an agreed fixed charge ratio and EBITDA being equal to or greater than 80%-85% of quarterly budget; quarterly loan repayments over the life of the loan plus a final bullet repayment; and a facility renewable date of March 2020.

18. Derivative financial instruments

	2018 $000	2017 $000
Interest Rate Swap	-	15
	-	**15**

At 31 December 2017 the Group was party to an interest rate swap of 1.9% for the period to 4 March 2020 for 50% of the outstanding balance of its $20 million term loan facility.

The swap was a hedge of the interest rate expenses relating to the Group loans. Following the sale of the US business the Group no longer holds any interest rate swap contracts. The contract was marked to market on 31 December 2017 and had a fair value at that date of $15,000.

The fair value of the interest swap financial derivative was determined by external valuations undertaken by the lender. As at 31 December 2017 the fair value of the interest rate swap contract was determined using an income approach. The income approach takes into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, interest rates, prepayment speeds, and currency rates.

In relation to the nature of the financial instruments that are measured in the Statement of Financial Position at fair value, IFRS 7 requires them to be put into a fair value measurement hierarchy, based on the lowest level of input significant to the overall fair value, as follows:

Level 1 – quoted prices for similar instruments
Level 2 – directly observable market inputs other than Level 1 inputs
Level 3 – inputs not based on observable market data

18. Derivative financial instruments (continued)

The inputs used in determining the fair value of the interest rate swap fall within Level 2 of the fair value hierarchy.

The contractual maturity of the interest swap is summarised below:

	2018 $000	2017 $000
Within 6 months	-	22
In 6 to 12 months	-	17
1 to 5 years	-	23

19. Contingent Consideration

Under the terms of the acquisition agreements in relation to Legacy, PEG and ESPM the Group has obligations to the vendors of those businesses as set out below:

	2018 $000	2017 $000
Payable in less than one year	4,760	6,552
Payable in one to two years	-	1,651
Payable in two to five years	-	900
Payable in more than 5 years	-	1,820
Impact of discounting on provisions payable in cash	-	(700)
Classified as held for sale (note 16)	(4,760)	-
Total contingent consideration payable	**-**	**10,223**

The employment and earn-out agreements with key personnel in the Group's Baseball North America and Baseball Latin American businesses (Legacy and PEG) were disposed upon sale of the US businesses during the year. The remaining contingent consideration balance relates to the Australian business (ESPM), and has been transferred to liabilities held for sae at 31 December 2017.

There are subordination agreements in place that govern when the contingent consideration become payable. The cash contingent consideration requires the achievement of certain EBIT targets over the period of each agreement and, in addition, the achieved EBIT must be converted into cash.

The Group estimates the fair value of the contingent consideration liability at 31 December 2018 based on the anticipated future EBIT of each underlying business.

The expectation is that the remaining cash earnouts will not be paid until after the sale of the Australian business.

19. Contingent Consideration (continued)

	Contingent consideration $000
At 1 January 2017	**6,602**
Settlement of contingent consideration	(750)
Additional contingent consideration	2,088
Movement in fair value	848
Unwinding of discount	972
Exchange differences	463
At 31 December 2017	**10,223**
Movement in fair value	(2,266)
Unwinding of discount	(39)
Classified as held for sale (note 16)	(4,760)
Disposals	(2,586)
Exchange differences	(572)
At 31 December 2018	**-**

20. Operating Leases

The Group's future minimum operating lease payments are as follows:

	2018 $000	2017 $000
Within one year	373	1,192
In the second to fifth years (inclusive)	1,131	3,131
In greater than five years	943	943
	2,447	**5,266**

During the year $1.43 million (2017: $0.93 million) was recognised as an expense in the income statement.

The Group's operating lease commitment at 31 December 2018 relates entirely to the Australian disposal group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Share capital

The issued share capital of the Company is as follows:

	Nominal Value £	Nominal Value $	Number
Balance at 31 December 2017 and 2018	**2,868,544**	**4,473,658**	**143,427,199**

There were no share issues during the year.

The Company has one class of ordinary shares, which carry no right to fixed income.

22. Equity

The Share Premium arises from capital raised through the issue of ordinary shares to the extent that the nominal value is exceeded by the proceeds of the issue.

The Employee share reserve arose on the issue of shares under the Group's LTIP scheme. This reserve was released to retained earnings following expiry of the scheme during the prior year.

23. Group companies

The companies (all of which are wholly owned either directly or indirectly by TLA Worldwide PLC unless otherwise stated) in the Group are:

- TLA Acquisitions Limited[1], registered in England and Wales, acts as an intermediate holding company;
- TLA Acquisitions (Number Two) Limited[1], registered in England and Wales, acts as an intermediate holding company;
- TLA-ESP Ltd[1], registered in England and Wales, undertakes the business of Athlete Representation and Sports Marketing;
- TLA Worldwide (Aust) Pty Ltd (formerly TLA-ESP Pty Ltd)[2], incorporated under the laws of Victoria, Australia, undertakes the business of Athlete Representation and Sports Marketing;
- TLA Merchandise Pty Ltd (formerly Elite Sports Properties Merchandise)[2], Incorporated under the laws of Victoria, Australia, undertakes the business of merchandising.

The addresses of the entities above are as follows:

1. 2-6 Boundary Row, London SE1 8HP
2. Level 4, 109-133 Burwood Road, Hawthorn, VIC 3122

24. Notes of Cash Flow Statement

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Operating loss for the year from continuing operations	(4,504)	(5,095)
Operating loss for the year from discontinued operations	(22,517)	(1,055)
Adjustments for:		
Amortisation and impairment of intangible assets	702	3,596
Depreciation of tangible assets	270	248
Share based payment charges	-	1,066
Fair value movement on valuation of contingent consideration	(2,266)	848
Additional contingent consideration	-	2,088
Provision for irrecoverable receivables	-	1,567
Loss on disposal of subsidiaries	25,345	-
Fair value movement on derviatives	15	-
Operating cash flows before movements in working capital	**(2,955)**	**3,263**
Increase in inventory	(1,229)	-
(Increase)/decrease in receivables	(1,505)	1,214
(Decrease)/increase in payables	(1,469)	2,134
Cash generated by operations	**(7,158)**	**6,611**
Income taxes (paid) / received	382	972
Net cash from operating activities	**(6,776)**	**7,583**
Cash and cash equivalents		
Continuing operations	837	-
Disposal group classified as held for sale	2,198	11,630
Total cash and cash equivalents	**3,035**	**11,630**

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.

The Group's net debt has moved as follows during the year:

	1 January 2018 $000	Cash flow $000	Non-cash Movements $000	31 December 2018 $000
Cash and bank balances	11,630	(8,630)	35	3,035
Borrowings	(28,125)	5,660	-	(22,465)
Net debt	**(16,495)**	**(2,970)**	**35**	**(19,430)**

25. Capital commitments

The Group had no commitments to purchase property, plant and equipment (2017: none).

26. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires the Group to make certain judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These 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 under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing 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 Directors consider that the most significant area of accounting estimate relates to trade receivables, where clients have not settled in accordance with standard terms and conditions, and, the Directors have evaluated each balance receivable and made provisions for doubtful debts where appropriate, in accordance with experience of the normal basis on which such balances are settled.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Contingent consideration
The Directors have provided an estimate of the amount payable in respect of contingent consideration included within liabilities held for sale. The valuation of this liability is based on future earnings of each acquired business. Management apply judgement in estimating the anticipated future cash flows and subsequent amounts payable. Key sensitivities therefore relate to underlying assumptions related to the anticipated future EBIT of each underlying business, and also the Group's weighted average cost of capital applied to the calculations. See note 19.

Impairment of goodwill
The carrying amount of goodwill is $12.9 million, included within non-current assets classified as held for sale. The Directors are confident that the carrying amount of goodwill is fairly stated. The carrying value for goodwill included within 'Assets of disposal group classified as held for sale' at 31 December 2018 was determined by reference to expected sales proceeds from sale of the Australian business.

Trade receivables
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The board has put structures in place in order to mitigate the risk of non-payment, and it closely monitors receivables as part of the Group's KPIs. At 31 December 2018 provision for impairment of trade receivables was nil (2017: $2.2 million) and total trade receivables older than 90 days, before provision for impairment, were $10,000 (2017: $3.2 million).

27. Financial risk management objectives

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy has changed since 2017 whereby, following the sale of the US business, the Group will become an AIM Cost Shell under AIM Rule 15 with a view to completing a reverse takeover within 12 months.

The capital structure of the Group at 31 December 2018 consists of net debt, which includes the borrowings disclosed in note 17 after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Group is not subject to any externally imposed capital requirements.

Debt is defined as short-term borrowings as detailed in note 17.

Equity includes all capital and reserves of the Group that are managed as capital.

Categories of financial instruments

Financial liabilities and assets included in the balance sheet are as follows:

	2018 $000	2017 $000
Financial assets measured at amortised cost		
Cash and bank balances	3,035	11,630
Trade receivables	7,838	9,724
Other receivables	1,734	1,808
Financial assets measured at fair value		
Derivative financial instruments	-	15
	12,607	**23,177**
Financial liabilities measured at amortised cost		
Borrowings	22,465	28,125
Trade payables	5,582	6,801
Accruals and other amounts payable	5,877	7,055
Financial liabilities measured at fair value		
Contingent consideration	4,760	10,233
	38,684	**52,204**

All of the Group's financial assets and liabilities, excluding derivative financial instruments, are held at amortised cost. The Directors are of the opinion that there is no material difference between the book value and the fair value of any of these assets or liabilities.

The Group's international operations expose it to a number of risks that include the effect of changes in foreign currency exchange rates, credit, and interest rates. As the majority of income and expenditure during the year was in USD the main exchange risk is translational in effect to earnings and dividends granted, when related to the share price in GBP. The Group holds external credit, which is discussed below.

27. Financial risk management objectives (continued)

The exposure to risk the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are set out below.

Interest rate risk
The Group finances its activities through a mixture of retained cash, operating cash flow, bank debt and equity finance. The Group monitors its exposure to interest rate risk in association with the bank debt and when investing its cash resources and during the year had an interest rate swap contract in place to fix 50% of its outstanding term loan facility at 1.9%. In view of the Forbearance Agreement in place, during which time no interest is accruing, interest rate fluctuations are not currently sensitive.

Credit risk
The Group's customers included athletes, talent and large corporations. The Group has structures in place to mitigate the risk of non-payment and it is a focus of the Board to closely monitor receivables as part of its KPIs.

Liquidity risk
The Group's future liquidity will be secured following the sale of the Australian business, after which surplus funds subsequent to settlement of the Group's borrowings will allow the Company to become an AIM Cash Shell under AIM Rule 15. The board intends to complete a reverse takeover 12 months from the date of the sale of the Australian businesses, during which period the board will keep costs to a minimum in order to preserve cash.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	0-3 months	3 months to 1 year	1-5 years	Over 5 years	Impact of discounting	Total
31 December 2018						
Borrowings	22,465	-	-	-	-	22,465
Contingent consideration	4,760					4,760
Trade payables	5,582	-	-	-	-	5,582
Accruals and other payables	5,877	-	-	-	-	5,877
	38,684	**-**	**-**	**-**	**-**	**38,684**
31 December 2017						
Borrowings	500	5,750	21,875	-	-	28,125
Contingent consideration	-	6,552	2,551	1,820	(700)	10,223
Trade payables	6,801	-	-	-	-	6,801
Accruals and other payables	7,055	-	-	-	-	7,055
	14,356	**12,302**	**24,426**	**1,820**	**(700)**	**52,204**

27. Financial risk management objectives (continued)

Currency risk

The Group is exposed to currency risk on foreign currency trading and the Group's exposure to currency risk at the year-end can be illustrated by the following:

	31 December 2018 EBITDA $000's
10% weaken of AUD (against US $)	(93)
10% weaken of GBP (against US $)	(149)

A strengthen of currencies would have the opposite effect.

28. Share based payments

Equity-settled share option scheme

In December 2013, the Company entered into a Long Term Incentive Scheme ("LTIP") for certain employees of the Group. The first award under the LTIP was split into three tranches, exercisable when the share price reaches an average of £0.40, £0.50 and £0.60 for a three-month period respectively. The period for vesting of this award was five years from the Company's IPO date of 8 December 2011. Unexercised awards expired on the five year anniversary in December 2016.

In September 2015, a second award under the LTIP was made. This was also split into three tranches, exercisable when the share price reaches an average of £0.60, £0.70 and £0.80 for a three-month period respectively. The period for vesting of this award was two years from 30 September 2015. If the award remained unexercised after this period they expired. The award was forfeited if the employee were to leave the Group before the award vested. Unexercised awards expired on the two year anniversary in September 2017.

The group recognised total expenses of $nil (2017: $1.15 million) relating to equity-settled share-based payment transactions during the year. The share incentive scheme expired during the prior year, and the entire amount recognised in the share based payment reserve was transferred to retained earnings.

29. 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. During 2018 Brian Peters received a payment of $nil (2017: $375,000) against his earn out extension and this was offset against that future liability. His remaining advance, of $375,000, was transferred as part of the sale of TLA Inc on 28 December 2018 and at 31 December his liability to the Company was $nil (2017: $375,000).

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. During 2018 Greg Genske received a payment of $nil (2017: $375,000) against his earn out extension and this was offset against that future liability. Also during the year, Greg Genske received an advance of $nil (2017: $55,639 repaid in January 2018). His remaining advance, of $375,000, was transferred as part of the sale of TLA Inc on 28 December 2018 and at 31 December his liability to the Company was $nil (2017: $430,639).

During the prior year the group repurchased shares in the subsidiary undertaking, TLA Acquisitions Limited, from the International Sports Pty Ltd, a company controlled by Bart Campbell, Michael Principe, and Dwight Mighty as legally required under the Group's LTIP scheme which expired on 30 September 2017, for consideration of $78,777, $78,777 and $39,389 respectively for a total of 14,597,821 LTIP shares. The consideration for the shares repurchased was paid to Bart Campbell and Dwight Mighty in 2018, whilst the payment to Michael Principe was made in 2019.

30. Dividends

During the year the Company did not pay or approve a dividend (2017: no dividend). No final dividend is proposed for the year.

31. Events after the balance sheet date

The Group's discussions relating to the sale of its Australian Business continue. In order to allow these discussions to be positively concluded the Group has agreed with its bank to extend the period of forbearance granted to 29 August 2019.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC

Opinion

We have audited the parent company financial statements of TLA Worldwide plc (the 'parent company') for the year ended 31 December 2018 which comprise the Company Statement of Comprehensive Income, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the parent company's affairs as at 31 December 2018 and of the parent company's loss for the year then ended;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Other matter – separate audit report on group financial statements

We have reported separately on the group financial statements of TLA Worldwide plc (the 'group') for the year ended 31 December 2018. That report includes details of how we applied the concept of materiality in planning and performing our group audit and an overview of the scope of our group audit. The opinion in that report is a disclaimer of opinion.

Other matter – prior period financial statements not audited

The parent company did not present a parent company income statement for the prior year financial statement ended 31 December 2017 and consequently the corresponding statement of comprehensive income figures are unaudited.

Material uncertainty related to going concern

We draw attention to the 'Going concern' section of the group accounting policies which states that the group has sold the US operations and is in the process of selling the Australian operations and has also terminated the trading activities of the UK operations. Once the sale of the Australian operations has been completed the company will become an 'AIM Rule 15 cash shell' and will have 12 months from the date of sale of the Australian business to complete a reverse takeover if it is to maintain its AIM listing status. These conditions indicate that a material uncertainty exists that may cast significant doubt on the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC *(continued)*

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments and intercompany balances

Risk:

As detailed in note 9 to the consolidated financial statement the company undertook a strategic review of the business during 2018 in which it was decided that the trading subsidiaries in the US and Australia would be disposed of and it was decided to terminate the trading activities of the UK operations. The sale of the US businesses was completed on 28 December 2018 with the net cash proceeds being used to reduce the group's bank debt. The company has categorised the Australian business as held for sale and it is intended that the entire net sales proceeds from the proposed sale of this business will be used to further reduce the group's bank debt. As a result, the carrying value of the investment in its subsidiary of $22.3m and the amounts due from subsidiary companies of $20.1m have been fully impaired in the year. Management have therefore been required to assess the proceeds to be received on the sale of the Australian operations, combined with the proceeds of the sale of the US operations, and compare these to the carrying value of the investments and amounts due from subsidiaries. Given the materiality of the amounts involved and the resulting impact on the carrying values of the investments and amounts due from subsidiaries this has been treated as a key audit matter.

Our response:

Our audit procedures included a review of the sale documentation for the US business and the proposed sale of the Australian business and agreeing these back to management calculations of the resulting net asset/liability positions of the entities affected. We also reviewed correspondence and agreements between the company and its creditors to confirm the agreed application of sale proceeds. We checked the accuracy of management's calculation of the resulting net asset/liability position of the relevant entities and therefore the level of impairment required in the parent company financial statements.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Materiality for the parent company financial statements as a whole was calculated as $96,000, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of $3,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the parent company and its control environment, including company-wide controls, and assessing the risks of material misstatement. The financial statements were audited on a using parent company materiality. The scope of our audit covered 100% of parent company's net assets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC *(continued)*

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit, to the extent that it is relevant to the parent company:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements relevant to the parent company in the Strategic Report or the Directors' Report**.**
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TLA WORLDWIDE PLC *(continued)*

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

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

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

David Clark (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date: 3 June 2019

TLA Worldwide PLC

Company Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 $000	2017 $000
Administrative expenses		(3,824)	(3,049)
Other income	3	4,152	4,621
Exceptional and acquisition related costs	4	(43,102)	(2,046)
Loss before taxation	4	**(42,774)**	**(474)**
Income tax (charge) / credit	6	(2)	35
Loss after income tax for the year		**(42,776)**	**(439)**
Foreign currency translation		(498)	3,790
Loss and total comprehensive income for the year		**(43,274)**	**3,351**

The notes on pages 86 to 95 form part of these financial statements.

TLA Worldwide PLC

Company Balance Sheet
31 December 2018

	Note	2018 $000	2017 $000
Non-current assets			
Investments	7	-	22,978
Loan to subsidiary undertakings	8	-	21,819
		-	**44,797**
Current assets			
Trade and other receivables	9	234	227
Cash and cash equivalents		814	69
		1,048	**296**
Current liabilities			
Trade and other payables	10	(424)	(1,195)
Net current assets/(liabilities)		**624**	**(899)**
Net assets		**624**	**43,898**
Equity			
Share capital	11	4,473	4,473
Share premium		46,079	46,079
Merger reserve		309	309
Retained earnings		(43,076)	(300)
Foreign currency reserve		(7,161)	(6,663)
Total equity attributable to owners of the company		**624**	**43,898**

The notes on pages 86 to 95 form part of these financial statements.

These financial statements of TLA Worldwide plc, registration number 07741649, were approved by the Board of Directors' and authorised for issue on 3 June 2019 and are signed on its behalf by:

Keith Sadler
Director

TLA Worldwide PLC

Company Statement of Changes in Equity
For the year ended 31 December 2018

	Share Capital	Share Premium	Merger Reserve	Foreign Currency Reserve	Retained Earnings	Total
	$000	$000	$000	$000	$000	$000
Balance at 1 January 2017	**4,473**	**46,079**	**309**	**(10,453)**	**139**	**40,547**
Total comprehensive income for the year	-	-	-	3,790	(439)	3,351
Balance at 1 January 2018	**4,473**	**46,079**	**309**	**(6,663)**	**(300)**	**43,898**
Total comprehensive income for the year	-	-	-	(498)	(42,776)	(43,274)
Balance at 31 December 2018	**4,473**	**46,079**	**309**	**(7,161)**	**(43,076)**	**624**

The notes on pages 86 to 95 form part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies of the Company are set out below.

Basis of preparation
These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

Reduced disclosures
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a cash flow statement and related notes;
- A reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income;
- Comparative period reconciliations for share capital;
- Related party disclosures for transactions with wholly owned members of the group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

The financial statements of the Company are consolidated into the TLA Worldwide plc group financial statements.

Going concern
The Company's results reflect issues arising in its group during the year whereby, following a strategic review of the business in September 2018, the US subsidiary businesses were sold on 28 December 2018 and the decision has been made to also sell the Australian subsidiary businesses. The sale of the Australian business to a preferred buyer is currently being progressed, the proceeds from which are intended to facilitate settlement of the external bank borrowings of the Company's subsidiaries. Following the intended sale of the Australian subsidiaries and subsequent settlement of the external borrowings the, company will become an AIM Cash Shell under AIM Rule 15. The board then intends to seek a business that can be reversed into the Company. The Company has 12 months from the date of the sale of the Australian business to complete a reverse takeover, during which period the board intends to keep costs to a minimum in order to preserve cash. Should the sale not complete as anticipated, or if it is not possible to complete a reverse takeover, or should funds not be available to sustain the Company during the foreseeable future, the going concern position of the company would be at risk.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Going concern (continued)
The Directors believe that the sale of the Australian business is likely to complete before the expiry of the Forbearance Agreement with SunTrust and that the arrangements agreed with the external lender to settle the borrowings will leave the Company and the remaining group companies with sufficient financial resources to meet liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Therefore, at the time of approving the financial statements, subject to the expected sale of the Australian subsidiaries, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. As a result the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

Functional, presentational and foreign currency translation
The functional currency of the Company is Sterling and the presentational currency of the Company is US Dollars. Transactions in currencies other than the Company's functional currency are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in currencies other than the Company's functional currency at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

New standards and amendments
The company has applied IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers' for the first time in the year ended 31 December 2018. IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and measurement' and IFRS 15 replaces IAS 18 'Revenue'. The implementation of these new standards has had no impact on the Company.

Investments
Fixed asset investments are shown at cost, less provision for impairment.

Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company has become party to the contractual provisions of the instrument.

Financial assets

Other receivables
Other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and other short-term investments held by the Company with maturities of less than three months. These are highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

1. Accounting policies (continued)

Financial liabilities (continued)

Trade and other payables
Trade and other payables and borrowings are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method, with all movements being recognised in the statement of comprehensive income. Cost approximates to fair value.

Equity
Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade receivables
For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

1. Accounting policies (continued)

Impairment of other receivables measured at amortised cost
The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments measured in accordance with IAS 39
The following accounting policy applies to the impairment of financial instruments before 1 January 2018.

Trade and other receivables under IAS 39
Trade and other receivables and loans were classified as loans and receivables and were initially recognised at fair value plus transaction costs. They were subsequently measured at their amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment was made where there was objective evidence (including customers with financial difficulties or in default on payments) that amounts would not be recovered in accordance with the original terms of the agreement.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is the expected on all tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted at the balance sheet date, and any adjustment to tax payable in respect of the previous year.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Taxation (continued)
Deferred tax is recognised on all timing difference where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or subsequently enacted by the balance sheet date.

2. Significant judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Impairment of investments and loans to subsidiaries
Impairment losses of $22,321,242 and $20,101,458 have been recognised in respect of investments and loans to subsidiaries respectively as a result of the group's circumstances at 31 December 2018 which indicate that the carrying amount of these items was not recoverable. In assessing the impairment the directors have considered the discontinued activities of subsidiary undertakings and also the disposal, and expected disposal, of group companies.

The directors do not consider there to be any other significant judgements nor key sources of estimation uncertainty that affect the financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

3. Other income

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Management charges from group companies	**4,152**	**4,621**

4. Loss before taxation

The following are included in the loss before tax from continuing operations:

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Amounts payable to the auditor:		
For audit services	113	330
For other services	20	5
Exceptional and acquisition related costs:		
Legal and professional costs *	278	1,097
Impairment of loans in other ventures **	402	803
Impairment of investments (see note 7)	22,321	-
Impairment of intercompany loans (see note 8)	20,101	-
Staff costs (see note 5)	1,334	1,704
Operating leases	76	101
Foreign exchange gains	(32)	(52)

* Legal and professional costs in 2018 were incurred in relation to advice on the sale and reorganisation. In 2017 the costs were incurred as a consequence of a misappropriation of funds and connected accounting issues, including the costs of forensic accountants, an interim CFO and legal counsel.

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

5. Directors and employees

The average monthly number of employees was:

	2018 Number	2017 Number
Directors	3	3
Management	4	3
	7	**6**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

5. Directors and employees (continued)

Their aggregate remuneration comprised:

	2018 $000	2017 $000
Wages and salaries	1,189	1,662
Social security costs	87	42
Other staff costs	58	-
	1,334	**1,704**

The directors' remuneration was as follows:

	2018 $000	2017 $000
Remuneration for qualifying services		
Executive directors	632	572
Non-executive directors	147	142
	779	**714**

The remuneration of the highest paid director in the year amounted to $334,015 (2017: $571,683).

Incuded within non-executive directors remuneration is an amount of $53,391 paid to Livingbridge EP LLP relating to the remuneration of one non-executive director (2017: $38,655).

Two of the directors were based in the USA and were remunerated by the former subsidiary undertaking, The Legacy Agency Inc.

No retirement benefits were accruing for directors in 2018 (2017: $nil).

6. Income tax

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Current taxation		
UK Corporation tax	2	-
Adjustments in respect of prior periods	-	(35)
Tax charge / (credit) for the year	**2**	**(35)**

6. Income tax (continued)

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

	Year ended 31 December 2018 $000	Year ended 31 December 2017 $000
Loss before tax	**(42,774)**	**(474)**
Tax charge at the UK corporation tax rate of 19% (2017: 19%)	(8,127)	(90)
Effects of:		
Expenses not deductible for tax purposes	8,115	17
Group relief	-	73
Losses not recognised in deferred tax	14	-
Adjustments in respect of prior periods	-	(35)
Tax charge / (credit) for the year	**2**	**(35)**

7. Investments

	$000
At 1 January 2017	**20,823**
Additions	198
Exchange differences	1,957
At 31 December 2017	**22,978**
Exchange differences	(657)
Impairment	(22,321)
31 December 2018	**-**

The impairment recognised at 31 December 2018 reflects the directors' assessment that the carrying value of the investment in subsidiaries was not recoverable.

At 31 December 2018 the Company held either directly or indirectly the allotted share capital of the following companies:

	Class of share	By parent	By Group	Nature of Business
TLA Acquisitions Limited [1]	Ordinary	100%	100%	intermediate holding company
TLA-ESP Limited [1]	Ordinary	-	100%	undertakes the business of Athlete Management and sports marketing
TLA Merchandise Pty Ltd (formerly Elite Sports Properties Merchandise) [2]	Ordinary	-	100%	undertakes the business of merchandising
TLA Worldwide (Aust) Pty Ltd (formerly TLA-ESP Pty Ltd) [2]	Ordinary	-	100%	undertakes the business of Athlete Management and sports marketing

TLA-ESP Limited is exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

7. Investments (continued)

TLA Acquisitions (number two) Limited[1]	Ordinary	-	100%	intermediate holding company

The registered addresses of the entities above are as follows:

1. 2-6 Boundary Row, London SE1 8HP
2. Level 4, 109-133 Burwood Road, Hawthorn, VIC 3122

8. Loan to subsidiary undertakings

	2018 $000	2017 $000
Amounts owed by subsidiary undertakings	-	21,819

Amounts owed by subsidiary undertakings were fully impaired as a result of the subsidiary ceasing to trade during the year and also the disposal, and planned disposal, of group undertakings.

9. Trade and other receivables

	2018 $000	2017 $000
Current		
Other receivables	54	48
Prepayments	180	179
	234	**227**

10. Trade and other payables

	2018 $000	2017 $000
Current		
Trade payables	206	731
Corporation tax payable	2	-
Other payables	89	-
Accruals	127	464
	424	**1,195**

11. Share capital

The issued share capital of the Company and the changes during the year can be summarised as follows:

	Nominal Value £	Nominal Value $	Number
Balance at 31 December 2017 and 2018	**2,868,544**	**4,473,658**	**143,427,199**

12. Related parties

During the prior year the company repurchased shares in the subsidiary undertaking, TLA Acquisitions Limited, from the International Sports Pty Ltd, a company controlled by Bart Campbell, Michael Principe and Dwight Mighty, as legally required under the Group's LTIP scheme which expired on 30 September 2017, for consideration of $78,777, $78,777 and $39,389 respectively for a total of 14,597,821 LTIP shares. The consideration for the shares repurchased was paid to Bart Campbell and Dwight Mighty in 2018, whilst the payment to Michael Principe was made in 2019.

Shareholder information

Annual General Meeting: 27 June 2019

Website: www.tlaworldwide.com

Advisers

Auditor
RSM UK Audit LLP, Chartered Accountants,
25 Farringdon Street, London, EC4A 4AB

Nominated Advisor and Broker
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Registered number: 07741649
Country of incorporation: England

Banker – UK
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Bankers – US
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