26 September 2019

Hawkwing plc
("Hawkwing", the "Company" or the "Group")

Unaudited interim results for the six months ended 30 June 2019

Hawkwing plc (AIM: HNG), formerly TLA Worldwide Plc, announces its interim results for the six months ended 30 June 2019.

Financial Highlights

Headline figures

- Revenue decline of 55.2% to $10.6 million (H1 2018: $23.6 million)
- Operating income[1] of $6.0 million (H1 2018: $15.2 million)
  - Headline EBITDA[2] of $0.03 million (H1 2018: $(1.2) million)
  - Headline Loss Before Tax[3] of $0.2 million (H1 2018: $2.3 million)
  - Headline Diluted Loss Per Share[4] of 0.23 cents (H1 2018: 1.52 cents)
  - Sports Marketing Headline EBITDA of $0.5 million (H1 2018: $1.0 million)
  - Cash balances of $2.3 million (H1 2018: $4.5 million)
  - Pro forma net assets following post period end disposal of the business £514,000

Statutory figures

- Operating loss from continuing operations of $0.7 million (H1 2018 loss: $2.8 million)
- Loss before tax of $0.7 million (H1 2018 loss: $2.8 million)
- Loss per share from continuing operations of $0.52 cents (H1 2018 loss: $1.98 cents)
- Earnings per share from discontinued operations of $0.07 cents (H1 2018 loss: $0.40 cents)
- Net debt as at 30 June 2019 was $20.2 million (H1 2018: $21.2 million)

Post Period

Hawkwing sold its Australian business on 5 September to QMS Sport Holding Limited, a subsidiary of QMS Media Limited, which is quoted on the ASX.

Keith Sadler, Interim Non-Executive Chairman, commented: "In the first half of the year, our focus was on progressing the disposal of the Australian business and we are pleased to have completed the disposal in September 2019. Following completion of the sale, we changed our name to Hawkwing plc and became an AIM Rule 15 Cash Shell.

"The Group's strategy is to pursue an acquisition and we intend to identify a business with the prospects of being profitable and cash generative. We have started the process of identifying such a business and look forward to updating the market as appropriate. On behalf of the board, I would like to thank all our shareholders for their continued support."

1 Operating income is equal to gross profit in the segmental analysis income statement.
2 Headline EBITDA is defined as statutory operating profit adjusted to add back depreciation, amortisation of acquired intangible assets and any acquisition related charges, and exceptional items.
3 Headline EBITDA after bank interest and depreciation.
4 Headline earnings per share is defined as headline profit for the period divided by the weighted average number of ordinary shares in issue during the period.

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About Hawkwing plc

Hawkwing is an AIM Rule 15 Cash Shell. It intends to pursue a reverse takeover transaction, subject to shareholder approval, with the aim of delivering shareholder value. The board intends to seek a business with the prospects of being profitable and cash generative. For more information, please visit www.hawkwing.co

Overview

The performance for the six months ended 30 June 2019 represents the Group's Australian business and some residual income from the events activities. The latter was formally closed down in November 2018 and the former was put up for sale in December when the Group announced the sale of its US business, which was concluded on 28 December 2018.

Post the period end, on 5 September 2019 the Australian business was sold to QMS Sport Holdings Limited, a subsidiary of QMS Media Limited, which is quoted on the ASX. This disposal was required under the forbearance agreed with the Group's bank. With this disposal, the Group's debts were repaid, and any outstanding balance forgiven by the Group's bank. This leaves Hawkwing without any bank debt and minimal creditors. As set out in the recent circular, the proforma balance sheet (in GBP, which is the currency of Hawkwing) after the sale of Australia is as follows:

	As at 30 June 2019	*Proceeds from the Proposed Sale*	*Proforma*
	£000's	***£000's***	***£000's***
Current assets			
Trade and other receivables	*72*	-	*72*
Cash and cash equivalents	*105*	*511*	*616*
Total assets	***177***	***511***	***688***
Current liabilities			
Trade and other payables	*174*	-	*174*
Total current liabilities	***174***	**-**	***174***
Net assets	***3***	***511***	***514***
Equity			
Share capital	*2,869*	-	*2,869*
Share premium	*29,899*	-	*29,899*
Retained loss	*(32,765)*	***511***	*(32,254)*
Equity attributable to owners of the company	***3***	***511***	***514***

Following completion of the disposal, the Company is now an AIM Rule 15 cash shell. As such, the Company will be required to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules on or before the date falling six months from completion 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) failing which, its ordinary shares would then be suspended from trading on AIM pursuant to Rule 40 of the AIM Rules. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified. The board has begun the process of seeking suitable acquisitions and will update the market as necessary. During this period the board will seek to conserve cash resources.

The performance of the Group has been split into continuing (Hawkwing) and discontinued (the Australian and Events businesses) performance.

Group Headline results

For the six-month period to 30 June	**Continuing operations**	**Discontinued operations**	**2019** $000's	**2018** $000's	Change
Revenue	-	10,573	10,573	23,598	55.2%
Operating income	**-**	**6,073**	**6,073**	**15,206**	**(60.1)%**
Headline EBITDA	**(524)**	**527**	3	**(1,203)**	**100.2%**
Headline EBITDA margin[1]	-	*8.7%*	*0.05%*	*(7.9)%*	7.95pp
Headline (loss)/profit before tax[2]	**(524)**	**304**	**(220)**	**(2,258)**	**(90.3)%**
Headline loss per share (cents)			(0.23)	(1.52)	1.29 cents

Group statutory results

For the six-month period to 30 June	**2019** $000's	**2018** $000's	Change
Revenue – discontinued	10,573	23,598	55.2%
Operating loss - continuing	(749)	(2,760)	72.9%
Loss before tax - continuing	(749)	(2,760)	72.9%
Profit from discontinued operations	100	577	(82.7)%
Loss after tax	(649)	(2,259)	71.3%
Loss per share (cents) - continuing	(0.52)	(1.98)	1.46 cents
Loss per share (cents) - discontinued	0.07	0.40	(0.33) cents

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

Group operating income decreased by 60.1% to $6.0 million (H1 2018: $15.2 million).

The statutory operating loss is after charges relating to amortisation of intangibles of $0.1 million (2018: $0.4 million).

Sports Marketing

For the six-month period to 30 June	**2019** $000	**2018** $000	**%** Change
Revenue	10,573	17,051	(38.0)%
Operating income	6,037	9,202	(34.4)%
Headline EBITDA	**527**	**964**	**(45.3)%**
Headline EBITDA Margin	*8.7%*	*10.5%*	*(1.8)%*
Operating profit	178	727	(75.5)%

The fall in revenue, operating income and EBITDA reflects the sale of the Group's US businesses on 28 December 2018 and no events, as the business was closed in November 2018.

Baseball Representation

For the six-month period to 30 June	**2019** **$000**	**2018** **$000**	**%** **Change**
Revenue	-	6,547	- %
Operating income	-	6,004	- %
Headline EBITDA	**-**	**13**	**- %**
Headline EBITDA margin	-	*0.2%*	*- pp*
Operating profit	-	723	- %

Baseball was sold on 28 December 2018

Cash flow and net debt

The Group cash balances as at 30 June were $2.3 million (H1 2018: $4.5 million).

The Group's net debt was $20.2 million as at 30 June 2019 (H1 2018: $21.2 million). The Group expects net debt for the 2019 full year to be in the range of $25 million – $28 million.

Following the sale of the Australian business on 5 September 2019, the Group's debt has been repaid and forgiven by its bank and the Group is debt free.

Dividend

The Directors are precluded from declaring an interim dividend for the six months ended 30 June 2019. The Directors will continue to review the Group's dividend policy.

Current trading and outlook

Hawkwing is now an AIM cash shell and the board, as stated previously, is seeking potential businesses that could be reversed into the Company. The board intend to identify a business with the prospects of being profitable and cash generative. The process of identifying such a business has started and the board look forward to updating the market as appropriate.

Condensed Consolidated Income statement (unaudited)

For the six month period to 30 June 2019

	Note	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
Continuing operations			
Administrative expenses		(749)	(2,760)
Operating loss		**(749)**	**(2,760)**
Headline EBITDA (continuing and discontinued operations)		**3**	**(1,203)**
Amortisation of intangibles		(126)	(356)
Depreciation		(223)	(141)
Exceptional and acquisition related costs (continuing)	3	(225)	(864)
Exceptional and acquisition related income (discontinued)	3	-	817
Less: operating profit from discontinued operations		(178)	(1,013)
Operating loss from continuing operations		**(749)**	**(2,760)**
Loss before taxation		(749)	(2,760)
Taxation	4	-	(76)
Loss after taxation from continuing operations		(749)	(2,836)
Profit after taxation from discontinued operations		100	577
Loss after taxation for the period		**(649)**	**(2,259)**

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

	Note	6 month period to 30 June 2019	6 month period to 30 June 2018
Loss per share from continuing operations attributable to the owners of the parent company:			
Basic (cents)	2	(0.52)	(1.98)
Diluted (cents)	2	(0.52)	(1.98)
Loss per share from discontinued operations attributable to the owners of the parent company:			
Basic (cents)	2	0.07	0.40
Diluted (cents)	2	0.07	0.40
Loss per share from total operations attributable to the owners of the parent company:			
Basic (cents)	2	(0.45)	(1.58)
Diluted (cents)	2	(0.45)	(1.58)

Condensed Consolidated Comprehensive Income (unaudited)

For the six-month period to 30 June 2019

	6 month period to 30 June 2019	6 month period to 30 June 2018
	$000's	**$000's**
Loss for the period	**(649)**	**(2,259)**
Exchange differences on translation of overseas operations	(87)	(454)
Total comprehensive expense	**(736)**	**(2,713)**
Continuing operations	(926)	(3,285)
Discontinued operations	190	572
Total comprehensive expense	**(736)**	**(2,713)**

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

Condensed Consolidated Group Balance Sheet (unaudited)

	Note	30 June 2019 $000's Unaudited	30 June 2018 $000's Unaudited
Non-current assets			
Goodwill		-	42,526
Intangible assets		-	782
Property, plant and equipment		-	427
Deferred tax asset		-	7,808
Derivative financial instruments		-	65
		-	51,608
Current assets			
Inventories		-	1,013
Trade and other receivables		1,200	12,656
Cash and cash equivalents		135	4,471
		1,335	18,140
Assets of disposal group classified as held for sale	6	25,879	-
Total current assets		27,214	18,140
Total assets		**27,214**	**69,748**
Current liabilities			
Trade and other payables		(248)	(19,122)
Borrowings	7	(22,465)	(4,168)
Contingent consideration	8	-	(7,877)
		(22,713)	(31,167)
Liabilities directly associated with assets classified as held for sale	9	(16,276)	-
Net current liabilities		(11,775)	(13,027)
Non-current liabilities			
Borrowings	7	-	(21,457)
Contingent consideration	8	-	(1,250)
		-	(22,707)
Total liabilities		**(38,989)**	**(53,874)**
Net (liabilities)/assets		**(11,775)**	**15,874**
Equity			
Share capital		4,473	4,473
Share premium		46,079	46,079
Merger reserve		309	309
Foreign currency reserve		(7,734)	(6,717)
Retained loss		(54,902)	(28,270)
Equity attributable to owners of the company		**(11,775)**	**15,874**

Condensed Statement of Cash Flows (unaudited)

For the six-month period to 30 June 2019

	Note	6 month period to 30 June 2019 $000's Unaudited	6 month period to 30 June 2018 $000's Unaudited
Net cash outflow from operating activities	10	(536)	(3,579)
Investing activities			
Purchases of property, plant and equipment		(55)	(24)
Net cash used in investing activities		(55)	(24)
Financing activities			
Interest paid		(61)	(914)
Repayment of borrowings		-	(2,500)
Lease repayments		(107)	-
Net cash outflow from financing activities		(168)	(3,414)
Net decrease in cash and cash equivalents		(759)	(7,017)
Cash and cash equivalents at beginning of period		3,035	11,630
Foreign currency translation effect		(18)	(142)
Cash and cash equivalents at end of period		2,258	4,471
Cash and cash equivalents comprise:			
Continuing operations		135	53
Disposal group classified as held for sale		2,123	4,418
Total cash and cash equivalents		**2,258**	**4,471**

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six-month period to 30 June 2019

	Share Capital	Share Premium	Merger reserve	Foreign Currency Reserve	Retained Loss	Total
	$000s	$000's	$000's	$000s	$000s	$000s
Balance as at 1 January 2018	**4,473**	**46,079**	**309**	**(6,263)**	**(26,011)**	**18,587**
Total comprehensive income for period	-	-	-	(454)	(2,259)	(2,713)
Balance as at 30 June 2018	**4,473**	**46,079**	**309**	**(6,717)**	**(28,270)**	**15,874**
Balance as at 1 January 2019	**4,473**	**46,079**	**309**	**(7,647)**	**(54,253)**	**(11,039)**
Total comprehensive income for period	-	-	-	(87)	(649)	(736)
Balance as at 30 June 2019	**4,473**	**46,079**	**309**	**(7,734)**	**(54,902)**	**(11,775)**

Notes to the Interim Report

General information

Hawkwing plc (the “Company”) is incorporated and domiciled in the United Kingdom. The Company is listed on the AIM market of the London Stock Exchange. The registered address is 25 Walbrook, London EC4N 8AF.

Basis of preparation

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

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

Going concern

The Group’s results for 2019 and the net liabilities position at 30 June 2019 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 has now sold the Australian business to QMS Sport, the proceeds from which have facilitated settlement of the Group’s bank borrowings. Following the sale and settlement of the borrowings the Company has become an AIM Cash Shell under AIM Rule 15. The board 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. 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.

As a result of the sale of the Australian business the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

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.

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 30 June 2019.

Application of new and amended standards

In the current period, the following standards and interpretations have been adopted which were effective for periods commencing on or after 1 January 2019:

IFRS 16 Leases
IFRIC 23 Uncertainty over Income Tax Treatments
Annual Improvements to IFRS Standards 2015-2017 Cycle
Amendments to IFRS 9: Prepayment Features with Negative Compensation
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

Except for the implementation of IFRS 16, the adoption of these standards has not had any impact on the financial statements.

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

On 1 January 2019, the group adopted IFRS 16 'Leases' (IFRS 16) for the first time. IFRS 16 replaces IAS 17 'Leases'. The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term.

At 1 January 2019 a right-of-use asset and corresponding lease liability of $1,680,219 has been recognised. The net impact on the income statement of additional depreciation and interest expense for the period ended 30 June 2019 in excess of the rental expense is $41,026.

The group has applied the modified retrospective approach on adoption of IFRS 16. There was no impact on opening reserves at 1 January 2019. The comparative figures are as previously reported under IAS 17. The group has used the following practical expedients in IFRS 16.

- For all contracts that existed prior to 1 January 2019, the group has not applied IFRS 16 to reassess whether each contract is, or contains, a lease.
- Single discount rates have been applied to portfolios of buildings, vessels and vehicles leases with similar characteristics.
- The right-of-use assets have not been assessed for impairment at 1 January 2019 but have been reduced by the amount of any onerous lease provisions at that date.
- Initial direct costs have been excluded from the measurement of the right-of-use assets.
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options.

1. Segmental Analysis

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.

In 2019 the Central costs represent the entirety of the Group's continuing operations. Central costs in the 2018 segmental analysis do not reflect the 2017 continuing operations as Central costs also included certain exceptional and other items of expenditure subsequently classified as discontinued in that period.

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.

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

In the six-month period ended 30 June 2019, no client generated in excess of 10 percent of total revenue.

Six months to 30 June 2019	**Discontinued operations**	**Continuing operations**	**Total**
	Sports Marketing $000's	**Central** $000's	$000's
Revenue – discontinued	10,573	-	10,573
Cost of sales – discontinued	(4,536)	-	(4,536)
Gross profit – discontinued	**6,037**	**-**	**6,037**
Operating expenses excl. depreciation, amortisation, acquisition related costs and exceptional items	(5,510)	(524)	(6,034)
Headline EBITDA	**527**	**(524)**	**3**
Depreciation	(223)	-	(223)
Amortisation of intangibles	(126)	-	(126)
Exceptional and acquisition related costs	-	(225)	(225)
Operating profit/(loss)	**178**	**(749)**	**(571)**
Finance costs	(61)	-	(61)
Profit/(loss) before tax	**117**	**(749)**	**(632)**
Taxation	(17)	-	(17)
Profit/(loss) for the period	**100**	**(749)**	**(649)**
Assets	25,879	1,335	27,214
Liabilities	(16,276)	(22,713)	(38,989)
Capital employed	**9,603**	**(21,378)**	**(11,775)**

1. Segmental Analysis (continued)

The following segmental disclosures for 30 June 2018 are stated prior to any adjustment for operations subsequently discontinued:

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

2. Loss per share

Basic and diluted loss per share: attributable to ordinary shareholders:

	6 month period to 30 June 2019 cents per share	**6 month period to 30 June 2018** cents per share
Continuing operations	(0.52)	(1.98)
Discontinued operations	0.07	0.40
Total operations	**(0.45)**	**(1.58)**

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

	6 month period to 30 June 2019 $000's	**6 month period to 30 June 2018** $000's
Loss from continuing operations for the purposes of basic earnings per share being net loss attributable to owners of the Company	(749)	(2,836)
Profit from discontinued operations for the purposes of basic earnings per share being net loss attributable to owners of the Company	100	577
	Number of Shares	**Number of Shares**
Weighted average number of shares in issue:	143,427,199	143,427,199

3. Exceptional and acquisition related costs

Exceptional items comprise:

	6 month period to 30 June 2019 $000's	**6 month period to 30 June 2018** $000's
Continuing operations		
Loan refinancing costs	-	346
Impairment of loans in other ventures	-	414
Costs relating to offers by potential investors	225	104
	225	**864**
Discontinued operations		
Loan refinancing costs	-	49
Other	-	20
Fair value movement of contingent consideration (note 8)	-	(886)
	-	**(817)**
Total exceptional and acquisition related costs	**225**	**47**

4. Taxation Expenses

	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
UK Taxes		
Current tax	-	17
USA Taxes		
Current tax	-	51
Adjustments in respect of prior periods	-	170
Deferred tax	-	(793)
Australian Taxes		
Current tax	(218)	190
Deferred tax	201	(131)
Total tax credit	(17)	(496)
Total tax credit is attributable to:		
Loss from continuing operations	-	76
Profit from discontinued operations	(17)	(572)

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

5. Discontinued operations

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

	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
Australian subsidiaries and TLA-ESP Limited	2	176
TLA Acquisitions Limited	98	(316)
US subsidiaries	-	717
Profit after taxation from discontinued operations	**100**	**577**

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. The Australian sports marketing and event management business and the UK talent representation and marketing business was sold on 5 September 2019.

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

	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
Revenue	10,573	10,750
Expenses	(10,554)	(10,551)
Profit before tax	**19**	**199**
Taxation	(17)	(23)
Profit after taxation from discontinued operations	**2**	**176**

5. Discontinued operations (continued)

TLA Acquisitions Limited

The trade of the UK subsidiary TLA Acquisitions Limited ceased in 2018. The profit/(loss) after taxation from discontinued operations included within the consolidated income statement is shown below.

	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
Revenue	-	13
Expenses	98	(403)
Profit/(loss) before tax	**98**	**(390)**
Taxation	-	74
Profit/(loss) after taxation from discontinued operations	**98**	**(316)**

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.

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

	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
Revenue	-	12,835
Expenses	-	(12,639)
Profit before tax	**-**	**196**
Taxation	-	521
Profit after taxation from discontinued operations	**-**	**717**

Cash flow information

The net increase in cash and cash equivalents from discontinued operations in the 6 month period to 30 June 2019 was $75,000 (6 months to 30 June 2018: $7,143,000 cash decrease).

Sale of the Australian business

Following the sale of the Australian business the arrangements agreed with the Group's lender to settle the borrowings 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.

6. Assets of disposal group classified as held for sale

	As at 30 June 2019 $000's	As at 30 June 2018 $000's
Goodwill	12,796	-
Investment	31	-
Intangible assets	272	-
Property, plant and equipment – owned assets	177	-
Property, plant and equipment – right of use assets	1,532	-
Deferred tax asset	391	-
Cash and cash equivalents	2,123	-
Inventory	1,402	-
Trade receivables	6,350	-
Other receivables	271	-
Prepayments	534	-
	25,879	**-**

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 which was sold on 5 September 2019. Refer to note 5 for further information.

7. Borrowings

	As at 30 June 2019 $000's	As at 30 June 2018 $000's
Secured borrowing		
Bank loans	22,465	25,625
Total borrowings		
Amount due for settlement within 12 months	22,465	4,168
Amount due for settlement after 12 months	-	21,457
	22,465	**25,625**

All borrowings are denominated in US dollars. The facilities hold security against trade receivables and contracted revenue.

The banking facilities were being operated under a Forbearance Agreement in place with Group's bank at 30 June 2019. Under this agreement no interest was accruing on the bank borrowings. The Forbearance Agreement required 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 Group's bank debt was settled on 5 September 2019 on the sale of the Australia business.

Prior to the arrangement of the Forbearance Agreement, and at 30 June 2018, 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.

8. Contingent Consideration

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

	As at 30 June 2019 $000's	As at 30 June 2018 $000's
Payable in less than one year	4,735	7,877
Payable in one to two years	-	711
Payable in two to five years	-	150
Payable in more than five years	-	761
	4,735	**9,499**
Impact of discounting on provisions payable in cash	-	(372)
Classified as held for sale	(4,735)	-
Total contingent consideration payable	**-**	**9,127**

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 on 28 December 2019. The remaining contingent consideration balance relates to the Australian business (ESPM) and has been transferred to liabilities held for sale at 30 June 2019 and was disposed of on the sale of the Australian business on 5 September 2019.

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 30 June 2019 based on the anticipated future EBIT of each underlying business.

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

	As at 30 June 2019 $000's	As at 30 June 2018 $000's
Trade payables	2,032	-
Accruals and other amounts payable	7,260	-
Deferred income	573	-
Current taxes payable	103	-
Contingent consideration	4,735	-
Lease liabilities	1,573	-
	16,276	**-**

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 which were sold on 5 September 2019. Refer to note 5 for further information.

10. Notes to the Statement of Cash Flow

	6 month period to 30 June 2019 $000's	6 month period to 30 June 2018 $000's
Operating loss for the period from continuing operations	(749)	(2,760)
Operating profit for the period from discontinued operations	178	1,013
Adjustments for:		
Amortisation and impairment of intangible assets	126	356
Depreciation of tangible assets	223	141
Fair value movement on contingent consideration	-	(886)
Operating cash flows before movements in working capital	(222)	(2,136)
Decrease/(increase) in trade other receivables	1,949	543
(Increase) in inventory	(173)	(1,013)
(Decrease) in trade other payables	(1,850)	(490)
Cash used in operations	(296)	(3,096)
Income taxes paid	(240)	(518)
Other non-cash movements	-	35
Net cash outflow from operating activities	(536)	(3,579)
Cash and cash equivalents		
Continuing operations	135	53
Disposal group classified as held for sale	2,123	4,418
Total cash and cash equivalents	**2,258**	**4,471**

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 period:

	1 January 2019 $000	Cash flow $000	Non-cash Movements $000	30 June 2019 $000
Cash and bank balances	3,035	(759)	(18)	2,258
Borrowings	(22,465)	-	-	(22,465)
Net debt	**(19,430)**	**(759)**	**(18)**	**(20,207)**