HAWKWING

2019 Final Results

4 June 2020

Hawkwing plc

(“Hawkwing”, or the “Company”)

2019 Final Results

Hawkwing plc (AIM: HNG) (formerly TLA Worldwide plc) announces its financial results for the year ended 31 December 2019. The Company’s headline results following the 2018 sale of the US businesses and 2019 sale of the Australian business are set out as follows:

HEADLINE RESULTS	**Year ended 31 December 2019**	**Year ended 31 December 2018**
	$000	**$000**
Revenue	-	-
Operating loss	(444)	(42,774)
Headline EBITDA	(924)	328
Loss before tax[1]	(444)	(42,774)

STATUTORY FIGURES	**Year ended 31 December 2019 $000**	**Year ended 31 December 2018 $000**
Operating loss	(444)	(42,774)
Loss before tax	(444)	(42,774)
Loss after tax	(442)	(42,776)
Loss per share (dollars)	(0.003)	(0.298)

[1]*Headline EBITDA is operating loss adjusted to remove the impact of exceptional income/costs.*

BALANCE SHEET	**31 December 2019**	**31 December 2018**
	$000	**$000**
Current assets		
Trade and other receivables	84	234
Cash and cash equivalents	227	814
	311	**1,048**
Current liabilities		
Trade and other payables	(125)	(424)
Net assets	**186**	**624**

Amounts disclosed above, in respect of the period ended 31 December 2018, relate to the results and financial position of the Company only, as opposed to the Group figures which formed the basis of the 31 December 2018 audited financial statements.

Keith Sadler, Interim Non-Executive Chairman, said: "Following the sale of the Australian businesses, the Company has become an 'AIM Rule 15 cash shell'. The Company's strategy is to acquire a business that is seeking a quoted platform via a Reverse Takeover. The Directors will consider 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 part of this strategy the Directors may consider a fundraising for any potential acquisition and working capital."

Enquiries:

Hawkwing plc	
Keith Sadler, Interim Non-Executive Chairman	+44 20 7618 9100
Beaumont Cornish Limited (Nomad and Broker)	
Roland Cornish, James Biddle	+44 20 7628 3396
Luther Pendragon	
Harry Chathli, Alexis Gore	+44 20 7618 9100

OVERVIEW

During the year Hawkwing PLC has divested its Australian business. The US businesses were divested in 2018. The Company has now become an 'AIM Rule 15 cash shell'. The Company'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 and are focusing on an acquisition that can create value for shareholders in the form of capital growth and/or dividends.

As an AIM Rule 15 cash shell, the Company is 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 Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. AIM has extended the period between suspension and the cancellation of a company's shares to twelve months for all companies suspended between 30 September 2019 and 1 July 2020, as a result of COVID-19. Therefore, the Company has until 6 March 2021 to make an acquisition. COVID-19 may impact the Company's ability to execute an acquisition during this period. However, the Directors will review, on an ongoing basis, the options for the Company, including raising additional funds; the impact of a delisting given the Company would have to seek a re-admission to AIM if it was delisted or not; and removing its suspension by moving the Company's listing.

BOARD CHANGES

On 26 September 2019, Dwight Mighty joined the board. Dwight was previously Chief Operating Officer of TLA Worldwide plc and is Hawkwing's Company Secretary.

FUTURE DEVELOPMENTS

The Company has become an AIM Cash Shell following disposal of its subsidiaries in 2019 and it is the board's intention to seek a new business to reverse into the Company.

As stated above, an additional period is now available between suspension and the potential cancellation of the Company's shares. The Directors will review, on an ongoing basis, the options of the Company including raising additional funding for due diligence on potential acquisitions and working capital; the impact of being delisted, given the fact that the Company would have to seek a re-admission to AIM if an acquisition is successful; and removing the suspension of its shares by listing on another market.

During this transition the board intends to keep costs to a minimum to preserve cash. The Non-Executive directors have therefore waived their fees since 1 January 2019.

ANNUAL REPORT AND ACCOUNTS

The Company will shortly be publishing its annual report and accounts including a notice of AGM. These will be made available on the Company's investor relations website at www.hawkwing.co. The AGM is to be held at 10 a.m. on 29 June 2020.

FINANCE REVIEW

STATUTORY LOSS AFTER TAX

For the year ended 31 December 2019, the Company reported a loss after tax of $0.4 million (2018: loss of $42.8 million).

Performance at the operating level, before exceptional income/charges showed a Headline EBITDA loss of $0.9 million (2018: profit of $0.3 million).

Loss per share attributable to owners of the Company was $0.003 (2018: loss of $0.298).

CASH FLOW AND BANKING ARRANGEMENTS

Cash balances as at 31 December 2019 were $0.2 million (31 December 2018: $0.8 million).

The Company had no external borrowings at 31 December 2019 (2018: nil).

BALANCE SHEET POSITION

The Company has net assets at the end of December 2019 of $0.2 million (31 December 2018: net assets of $0.6 million). Total liabilities (current) were $0.1 million (31 December 2018: $0.4 million).

DIVIDENDS

The board is not in a position to propose a final dividend for the year (2018: $nil).

PRINCIPAL RISKS AND UNCERTAINIES

The management of the Company and the execution of the Company’s strategies are subject to certain risks; however, the Company’s current operations are such that most risks are negligible. The key business risks are shown below.

Risk management
The risks that the Company faces have been considered and policies have been implemented to best deal with each risk. The most significant risks are set out as follows:

Credit risk
The Company has no trade receivable balances and only minor other receivables and thus there is no significant current risk of non-payment.

Liquidity risk
The Company is currently being maintained as an AIM Cash Shell under AIM Rule 15 and the board intends to complete a reverse takeover within 18 months from the date of the sale of the Australian businesses in September 2019, during which period the board will keep costs to a minimum in order to preserve cash.

Currency risk
The Company's only current exposure to currency risk is with regard to amounts held in foreign currency bank accounts. The non-sterling cash balances at 31 December 2019 were US$12k (2018: US$798k).

KEY PERFORMANCE INDICATORS ("KPI's")

Following the divestment of its investments in group undertakings, the Company no longer manages its operational performance using KPIs. As a result, performance against KPIs is not presented within these financial statements.

The Company's immediate future performance criteria relate to a successful future acquisition/reverse takeover.

HAWKWING PLC
(formerly TLA Worldwide plc)

Income Statement
For the year ended 31 December 2019

	Note	2019 $000	2018 $000
Administrative expenses		(464)	(46,926)
Other income		20	4,152
Operating loss	3	(444)	(42,774)
Headline EBITDA		(924)	328
Exceptional income/(costs)	3	480	(43,102)
Operating loss		(444)	(42,774)
Loss before taxation		(444)	(42,774)
Taxation	4	2	(2)
Loss for the year		**(442)**	**(42,776)**

Loss per share from continuing operations:

Basic (dollars)	2	(0.003)	(0.298)
Diluted (dollars)	2	(0.003)	(0.298)

HAWKWING PLC
(formerly TLA Worldwide plc)

Statement of Comprehensive Income
For the year ended 31 December 2019

	2019 $000	2018 $000
Loss for the year	(442)	(42,776)
Exchange translation differences	4	(498)
Total comprehensive expense	**(438)**	**(43,274)**

HAWKWING PLC
(formerly TLA Worldwide plc)

Balance Sheet
31 December 2019

	Note	2019 $000	2018 $000
Current assets			
Trade and other receivables		84	234
Cash and cash equivalents		227	814
Total current assets		**311**	**1,048**
Current liabilities			
Trade and other payables		(125)	(424)
Net current assets		**186**	**624**
Net assets		**186**	**624**
Equity			
Share capital		4,473	4,473
Share premium		46,079	46,079
Merger reserve		309	309
Foreign currency reserve		(7,157)	(7,161)
Retained loss		(43,518)	(43,076)
Total equity		**186**	**624**

HAWKWING PLC
(formerly TLA Worldwide plc)

Statement of Changes in Equity
For the year ended 31 December 2019 and 2018

	Share Capital	Share Premium	Merger Reserve	Foreign Currency Reserve	Retained Loss	Total
	$000	$000	$000	$000	$000	$000
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**
Total comprehensive income for the year	-	-	-	4	(442)	(438)
Balance at 31 December 2019	**4,473**	**46,079**	**309**	**(7,157)**	**(43,518)**	**186**

HAWKWING PLC
(formerly TLA Worldwide plc)

Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 $000	2018 $000
Net cash flows from operating activities	5	**(587)**	**586**
Net (decrease) / increase in cash and cash equivalents		**(587)**	**586**
Cash and cash equivalents at beginning of the year		**814**	**69**
Foreign currency translation effect		-	159
Cash and cash equivalents at end of the year		**227**	**814**

Principal accounting polices

While the financial information included in this final results announcement has been prepared in accordance with the recognized and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRSs.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2019, or year ended 31 December 2018, but is derived from those accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following the Company's annual general meeting.

The auditor has reported on those accounts. The audit report on the group accounts was one of a disclaimer of opinion on the basis that, as a result of the sale of the US operations and the proposed sale of the Australian operations, it has not been possible 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 on the auditor 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. The limitation in scope is such that the auditor is unable to form an opinion on the affairs of 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.

The auditor has reported separately on the parent company financial statements of Hawkwing Plc for the year ended 31 December 2019. The auditor's report on those accounts was unqualified and drew attention to a material uncertainty related to going concern without qualifying the report and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

The material uncertainty per their report (to be published shortly) is reproduced below:

Material uncertainty related to Going Concern
We draw attention to the 'Going concern' section of the accounting policies on page 32 of the financial statements which states that the Company has sold the US and Australian operations and terminated the trading activities of its UK operations. Since the sale of the Australian operations, the Company became an 'AIM Rule 15 cash shell' and as no acquisition was made within the allotted time, the Company's shares were suspended on 6 March 2020.

In order to continue in operation for a period of at least 12 months from the date of this report, additional funding will be required and, as set out on page 32, the directors believe that such funding will be obtained. As stated in the accounting policies, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern

The Company's group sold its US businesses on 28 December 2018 and the Australian business was sold on 5 September 2019. The Company also disposed of its UK subsidiary investment in December 2019, the activities of which had already been discontinued. Consequently, the Company became an AIM Cash Shell under AIM Rule 15. The board intends to seek a business that can be reversed into. The Company has 18 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 additional funds not be obtained to sustain the Company during the foreseeable future, the going concern position of the Company would be at risk.

COVID-19 may impact the Company's ability to complete an acquisition. The Directors will continue, on an on-going basis, to review the Company's options including raising additional funding.

The requirement for the Company to obtain additional funding and to complete a reverse takeover give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Directors believe that the actions required to maintain the going concern position of the Company will be achieved and therefore 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.

Basis of non-consolidation

The Company had disposed of all subsidiary undertakings at 31 December 2019, and consequently there is no requirement to prepare consolidated financial statements. These financial statements therefore present the financial position and financial performance of the Company as a single entity.

Principal accounting polices (continued)

1. Segmental analysis

The Company's single reportable segment is that of its activities as an investment holding company. This activity takes place wholly in the United Kingdom.

2. Loss per share attributable to ordinary shareholders

	2019 dollars per share	**2018 dollars per share**
Basic loss per share	(0.003)	(0.298)
Diluted loss per share	(0.003)	(0.298)

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 2018 and 31 December 2019. All share options formerly in issue had expired.

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

	2019 $000	**2018 $000**
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	(442)	(42,776)
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 (2018: nil).

3. Operating loss

The following are included in operating loss for the year:

	2019 $000	2018 $000
Exceptional (income)/costs (see analysis below)	(480)	43,102
Staff costs	532	1,334
Auditor's remuneration (see note 4)	55	133
Lease payments	4	76
Foreign exchange losses/(gains)	31	(32)

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

	2019 $000	2018 $000
Loan arrangement costs*	44	-
Legal and professional costs **	233	278
Exceptional staff costs ***	273	-
Impairment of loans in other ventures	-	402
Impairment of investments	-	22,321
(Reversal of impairment)/Impairment on intercompany loans ****	(1,030)	20,101
Exceptional (income)/ costs as above	**(480)**	**43,102**

* The arrangement costs represent fees paid by the Company in respect of the borrowing arrangements of its former subsidiary undertakings.

** Legal and professional costs in 2019 were incurred in relation to the disposal of the Company's subsidiary undertakings (see note 8 for further details). In 2018 the legal and professional costs related to advice on the sale of the US business.

*** Exceptional staff costs relate to the advance payment of an employment contract notice period. This amount is included within the staff costs figure of $532k disclosed above.

**** The (impairment reversal)/impairment on intercompany loans relates to amounts owed by former subsidiary undertakings written off prior to disposal.

4. Tax

	2019 $000	2018 $000
Current taxation		
UK corporation tax	-	2
Adjustments in respect of prior year	(2)	-
Tax charge for the year	**(2)**	**2**

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

	2019 $000	2018 $000
Loss before tax	**(444)**	**(42,774)**
Tax credit at the UK corporation tax rate of 19% (2018: 19%)	(84)	(8,127)
Effects of:		
Expenses not deductible for tax purposes	53	8,115
Non-taxable income	(204)	-
Losses not recognised in deferred tax	235	14
Adjustment in respect of prior years	(2)	-
Tax (credit) / charge for the year	**(2)**	**2**

The Company has tax losses carried forward of $272,417 (2018: $33,131) in respect of which no deferred tax asset has been recognised due to uncertainty of the Company's expected future profitability.

5. Notes of Cash flow Statement

	2019 $000	2018 $000
Loss for the year	(442)	(42,776)
Adjustments for:		
Income tax (credit)/expense	(2)	2
Amounts written off investments	-	22,321
Impairment of group and other loans		20,503
Operating cash flows before movements in working capital	**(444)**	**50**
Decrease in receivables	154	1,309
Decrease in payables	(297)	(773)
Cash (used in) / generated by operations	**(587)**	**586**
Income taxes	-	-
Net cash flows from operating activities	**(587)**	**586**

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 Company's net cash has moved as follows during the year:

	1 January 2019 $000	Cash flow $000	Non-cash Movements $000	31 December 2019 $000
Cash and bank balances	814	(587)	-	227
Net cash	**814**	**(587)**	**-**	**227**

6. Annual report and accounts

The Company will shortly be publishing its annual report and accounts including a notice of AGM. These will be made available on the Company's investor relations website at www.hawkwing.co. The AGM is to be held at 2-6 Boundary Row, London SE1 8HP at 10 a.m. on 29 June 2020.

COVID-19 arrangements

Further to UK Government instructions at the time of writing, the Company's AGM will be held "behind closed doors" and shareholders must not attend the meeting in person. The Government's compulsory measures to help combat the Covid-19 pandemic prohibit, amongst other things, public gatherings of more than two people and as such attendance at the AGM by shareholders is no longer lawful.

The AGM will be convened with the minimum necessary quorum of two shareholders (which will be facilitated by the Company) and will be held at 2-6 Boundary Row, London SE1 8HP. This address is being provided solely for information purposes in order to ensure that the AGM is properly notified, and shareholders are reminded that they must not attend in person. All valid proxy votes (whether submitted electronically or in hard copy form) will be included in any poll to be taken at the meeting.

The board of directors (the "Board") requests that shareholders vote on the resolutions being put to the AGM by appointing the chairman of the AGM as a proxy and giving voting instructions in advance, either electronically, through the CREST system or by using the enclosed Form of Proxy.

The Board understands that the AGM also serves as a forum for shareholders to raise questions and comments. Therefore, if shareholders do have any questions or comments relating to the business of the meeting that they would like to ask the Board then they are asked to submit those questions in writing via email to AGM20@hawkwing.co by no later than 10.00 a.m. on 29 June 2020. The Board will publish a summary of any questions received together with a written response on the Company's website as soon as practicable after the AGM. Only questions from registered shareholders of the Company will be accepted.