15 November 2017

TLA Worldwide plc

("TLA" or "the Group")

2016 Full Year Results

TLA Worldwide plc (AIM: TLA), a leading athlete representation and sports marketing business, announces its final results for the year ended 31 December 2016.

Background

As part of the audit for the year ended 31 December 2016, certain accounting practices and errors relating to the Group's US business were brought to the attention of the Board. This resulted in the Group's auditor undertaking additional verification work and the further appointment of an international independent accounting firm to carry out a detailed forensic review of the Group's US accounting records, internal systems and accounting practices. As a result, there was a lengthy delay to the publication of the 2016 results, whilst a full review of the Group's US accounts for the periods FY 2015, FY 2016 and the period to 30 June 2017 was completed. TLA's shares were suspended from trading on AIM on 29 June 2017, as a result of the delay in publishing the Group accounts. The review has been both extensive and exhaustive as the Group has sought to uncover and resolve all accounting issues, and implement significantly enhanced controls and procedures.

This review identified issues only within the Group's US Sports Marketing and Baseball divisions ("US business"). The main issues identified included:

- Inappropriate application of accounting policies and accounting errors;
- Revenue recognition errors;
- Cost recognition errors;
- Inappropriate treatment of certain items under aged trade and other receivables; and
- Misappropriation of funds by the former CFO Donald Malter.

The issues above resulted in significant accounting adjustments to the 2016 results as well as the correction of prior period errors. Significant provisions were recorded against trade and other receivables and corrections were made to certain revenue and cost items.

The US business accounted for 37% of Headline EBITDA, excluding central costs, provisions and foreign exchange charges, as set out in the Summary of EBITDA table below. No accounting issues were identified in the Group's UK, Australian and Events businesses.

The Group's former CFO, Donald Malter, whose responsibility included overseeing the application of the Group's accounting policies in the US, resigned and Bill Armstrong was appointed as Interim Group CFO, on 19 June 2017. Bill Armstrong's focus has been assisting with the review, preparing updated accounts with detailed reconciliations, preparing a remedial plan to strengthen the Group's internal systems and accounting controls as well as strengthening the US finance team. Good progress has been made in this regard over the Summer and Autumn and now the US business has significantly enhanced controls and improved financial reporting systems and procedures.

Forensic review

Following the forensic review by the independent accounting firm and subsequent investigation, evidence emerged of cash misappropriation and other unauthorised transfer of funds totalling approximately $0.8 million over a three year period by the former Group CFO, as well as instances of intentional posting of erroneous accounting entries within the US business' books and records by former members of the US finance team, which was overseen by the former Group CFO. The inappropriate accounting treatments, accounting errors and recognition errors referred to above have primarily arisen as a result of these actions. The scope of the forensic review, together with investigations led by Bill Armstrong, included various procedures intended to discover instances of erroneous accounting entries.

The Company's insurer is aware of the misappropriation and the Board is pursuing recovery of these funds under its insurance policy. A further update will be provided when appropriate.

Remedial actions undertaken

- The appointment of a new Group CFO to be based in London with responsibility to oversee all the Group's businesses is progressing and we expect to make an announcement shortly with the new Group CFO in place by early January 2018;
- Strengthened and substantially changed the US finance team, including a revised team structure and the appointment of Matthew Craig, a sports and entertainment industry finance executive, as North American CFO who will report into the new Group CFO. Bill Armstrong will remain with the Group for a sufficient period of time to ensure an orderly hand over process;
- Brought the US division in line with the Group's invoicing and revenue recognition policies, with robust controls in place to ensure these are enforced;
- Improved outstanding receivables and aged receivable processes to ensure they are more closely monitored, collected and correctly accounted for;
- Implementing the recommendations made by the international independent accounting firm regarding the application of proper control, policies and procedures in the US business including revenue and cost recognition, appropriate segregation of duties regarding accounting system entries, contract invoicing and expense authorisation; and
- Putting in place a detailed plan, to be implemented throughout the remainder of 2017 and early 2018 which includes the roll-out of new accounting and CRM systems in the US business.

Key appointments

TLA have strengthened its senior team with the appointment of Matthew Craig as North American CFO who started on 31 October 2017 and the recruitment of a Group CFO is at an advanced stage and an announcement is expected shortly.

Prior to joining TLA, Mr. Craig worked for two years as the Director of Accounting and Analysis at Disney Theatrical Group, the live events division for Disney which includes theme parks, Broadway productions and cruise ships. Previously Matthew Craig was Director of Finance for ten years at the leading sports and entertainment agency, WME, (formerly International Management Group ("IMG")). In his role at IMG, Matthew Craig supervised the reporting of all North American Media properties including entertainment, archive, digital, licensing, consulting, international distribution, post production facilities and various acquisitions.

Banking update

The Group's banking facilities were renewed on 3 November 2017 with SunTrust Bank, the Group's existing bankers. The facilities comprise an amortising term loan of $23.75 million and a revolving facility of $5.0 million. The facilities mature in March 2020. The interest margin varies between 3% and 5.5% over US LIBOR, depending on the Group's leverage ratio and is secured against the assets of the Group. With the revised facilities, the Group is currently in full covenant compliance and any prior covenant breaches have been remedied or waived.

Publication of accounts

The Company will shortly be publishing its annual report and accounts including a notice of AGM which will be sent to shareholders. These will be made available on the Company's investor relations website at www.tlaworldwide.com. The suspension in trading in the Company' shares will be lifted when the Company's annual report and accounts are published, expected to take place later today.

The AGM is to be held at the offices of DAC Beachcroft, at 100 Fetter Lane, EC4A 1BN at 11 am on 15 December 2017.

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Finance review

Review of the Group's financial performance for the year ended 31 December 2016.

SUMMARY OF RESULTS

	Baseball $000	Sports Marketing $000	Central $000	Total $000	2015 (restated) $000
Headline EBITDA prior to provisions and foreign exchange	**3,940**	**5,848**	**(3,810)**	**5,978**	**12,163**
Provision adjustments*	(3,470)	(2,453)	-	(5,923)	(679)
Foreign exchange**	-	-	(453)	(453)	-
Headline EBITDA post provisions and foreign exchange	**470**	**3,395**	**(4,263)**	**(398)**	**11,484**
Amortisation of intangibles	(3,127)	(1,736)	-	(4,863)	(5,692)
Depreciation	-	(78)	(101)	(179)	(145)
Exceptional and acquisition related costs	4,795	(1,439)	(1,759)	1,597	225
Share based payments	-	-	(3,135)	(3,135)	(3,409)
Statutory operating profit/ (loss)	**2,138**	**142**	**(9,258)**	**(6,978)**	**2,463**

* Provisions relate to irrecoverable trade and other receivables in the US business.

** The foreign exchange charge relates predominately to a loss on a forward currency contract relating to the International Champions Cup ("ICC") which had to be settled before the ICC proceeds were received.

2016 AND RESTATED 2015 HEADLINE EBITDA

	2016 $000	2015 (restated) $000
Baseball	3,940	6,859
Sports Marketing	5,848	8,544
Central	(3,810)	(3,240)
Headline EBITDA pre-provisions and foreign exchange	**5,978**	**12,163**
Provisions	(5,923)	(679)
Foreign exchange	(453)	-
Headline EBITDA	**(398)**	**11,484**

The 2015 restatement relates to issues uncovered as part of the recent accounting review, principally incorrect revenue recognition in the US Sports Marketing business of $1.45 million and $0.5 million of understated commissions in the US Baseball business, and is set out as follows:

2015 RESTATEMENT

	Baseball			Sports Marketing			Central costs	
	2015	Adjusted	2015 Restated	2015	Adjusted	2015 Restated	2015	2015 Restated
	$000	$000	$000	$000	$000	$000	$000	$000
Revenue	15,103	-	15,103	29,337	(1,448)	27,889	-	42,992
Cost of sales	(1,348)	(500)	(1,848)	(8,091)	-	(8,091)	-	(9,939)
Operating income	**13,755**	**(500)**	**13,255**	**21,246**	**(1,448)**	**19,798**	-	**33,053**
Costs	(6,925)	-	(6,925)	(11,404)	-	(11,404)	(3,240)	(21,569)
Headline EBITDA	**6,830**	**(500)**	**6,330**	**9,842**	**(1,448)**	**8,394**	**(3,240)**	**11,484**

STATUTORY LOSS BEFORE TAX

For the period ended 31 December 2016, the Group reported a statutory loss before tax of $9.3 million (2015: profit of $0.9 million, restated). This loss includes the impact of:

- $1.5 million of exceptional costs incurred relating to the aborted offer for the Group by Atlantic Alliance Partnership Inc.;
- non-cash IFRS charges for amortisation totalling $4.9 million (2015: $5.7 million);
- non-cash costs for share based charges of $3.1 million (2015: $3.4 million);
- the poor trading performance of our US Sports Marketing business;
- $5.9 million of provisions for the Group's US business, primarily for aged trade and other receivables (2015: $0.7 million); and
- the correction of misstatements related to the incorrect application of accounting policies and restating of the FY 2015 comparatives in the US business.

EBITDA

The underlying EBITDA of the business, that is Headline EBITDA excluding foreign exchange and receivable provisions relating to the US business, was $6.0 million (2015: $12.2 million). The board believes this number is a helpful indicator of the underlying performance of the business in the period. See accounting policies for more information on this measure.

The Group's Headline EBITDA margin/(loss), on an underlying basis, reduced from 34.7% in 2015 to 18.2% in 2016. This is the result of:

- a reduction in Baseball's Headline EBITDA margin by 45pp due to increased costs in the business as it invested in personnel costs that added 14 MLB clients during the year. These clients are not generating any material fees for TLA currently but are expected to do so as TLA negotiates their next playing contract; and

- Sports Marketing Headline EBITDA margin reduced by 25pp, which reflects the previously announced ICC soccer performance; the performance of US Sports Marketing, as the business was reorganised after changes to agents during 2016; and

- offset by the continued good performance of the Australian Sports Marketing business.

The performance at the operating level, before interest, tax, depreciation, amortisation and exceptional charges showed a Group Headline EBITDA loss of $(0.4) million (2015: EBITDA profit of $11.5 million, restated). Group Headline EBITDA margin reduced by 36pp to (1.2)%.

Diluted earnings per share using Headline profit attributable to owners of the company was 1.00 cents (2015: earnings 5.50 cents, restated).

STATUTORY RESULTS

	Year ended 31 December 2016	Year ended 31 December 2015 (restated)	%
	$000	$000	Change
Revenue	43,425	42,992	+1.0
Operating (loss)/profit	(6,978)	2,463	-383.3
Statutory (loss)/profit before tax	(9,259)	869	-1,165
Statutory diluted (loss) per share (cents)	(4.32)	(1.01)	-328

HEADLINE RESULTS

	Year ended 31 December 2016	Year ended 31 December 2015 (restated)	%
	$000	$000	Change
Revenue	43,425	42,992	+1.0
Operating income (Gross profit)	**32,778**	**33,053**	**-0.8**
Headline EBITDA	**(398)**	**11,484**	-103.5
Headline EBITDA margin [1]	-1.2%	34.7%	-35.9pp
Headline (loss)/profit before tax [2]	**(1,876)**	**10,612**	**-117.7**
Headline diluted (loss)/ earnings per share (cents)	1.00	5.50	-81.8

[1]*Headline EBITDA over gross profit, which the group defines as its operating income*
[2]*Headline EBITDA after bank interest and depreciation*

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

Year ended 31 December 2016

	Baseball Representation	Sports Marketing	Central	Total
	$000	$000	$000	$000
Revenue	**13,078**	**30,347**	**-**	**43,425**
Cost of sales	**(57)**	**(10,590)**	**-**	**(10,647)**
Gross profit	**13,021**	**19,757**	**-**	**32,778**
Operating expenses excluding depreciation, amortisation, share based payments and exceptional items	**(12,551)**	**(16,362)**	**(4,263)**	**(33,176)**
Headline EBITDA	**470**	**3,395**	**(4,263)**	**(398)**
Amortisation and impairment of intangibles	**(3,127)**	**(1,736)**	**-**	**(4,863)**
Depreciation	**-**	**(78)**	**(101)**	**(179)**
Exceptional items and acquisition related costs	**4,795**	**(1,439)**	**(1,759)**	**1,597**
Share based payments	**-**	**-**	**(3,135)**	**(3,135)**
Operating profit/ (loss)	**2,138**	**142**	**(9,258)**	**(6,978)**
Finance costs				**(2,281)**
Loss before tax				**(9,259)**
Tax				**3,101**
Loss for the year				**(6,158)**

Year ended 31 December 2015 (restated)

	Baseball Representation	Sports Marketing	Unallocated	Total
	$000	$000	$000	$000
Revenues	15,103	27,889	-	42,992
Cost of sales	(1,848)	(8,091)	-	(9,939)
Gross profit	**13,255**	**19,798**	**-**	**33,053**
Operating expenses excluding depreciation, amortisation, share based payments and exceptional items	(6,925)	(11,404)	(3,240)	(21,569)
Headline EBITDA	**6,330**	**8,394**	**(3,240)**	**11,484**
Amortisation of intangibles	(3,532)	(2,160)	-	(5,692)
Depreciation	(10)	(84)	(51)	(145)
Exceptional items and acquisition related costs	1,685	(656)	(804)	225
Share based payment	-	-	(3,409)	(3,409)
Operating profit/ (loss)	**4,473**	**5,494**	**(7,504)**	**2,463**
Finance costs				(1,594)
Profit before tax				**869**
Tax				(1,834)
Loss for the year				**(965)**

DIVISIONAL PERFORMANCE

Sports Marketing

	2016	2015 Restated	%
	$000	**$000**	**Change**
Revenues	30,347	27,889	+8.8
Operating income (Gross profit)	19,757	19,948	-1.0
Headline EBITDA	3,395	8,394	-59.6
Headline EBITDA Margin	*17.2%*	*42.1%*	*-24.9pp*
Operating (loss)/profit	142	5,494	-97.4

Performance for Sports Marketing for the year ended 31 December 2016 showed revenue of $30.3 million, Headline EBITDA of $3.4 million and operating loss of $0.1 million. The division's reported revenues grew by 9%. This was partly due to reporting a full year of TLA Australia, increase in revenues from events where we acted as principal, and revenue increases in the merchandise business within TLA Australia, which is offset by cost of sales. As a more effective measure of performance the Group focuses on operating income which was flat at $20.0 million. This was a direct result of the poor performance of our US Sports Marketing business and the under performance of the ICC event, offset by our successful rugby event in Chicago. The additional provisions recorded (primarily in relation to trade receivables) also contributed to the decline in the Headline EBITDA margin; which fell by 24.9 percentage points to 17.2%.

Baseball Representation

	2016	2015 Restated	%
	$000	**$000**	**Change**
Revenue	13,078	15,103	-13.4
Operating income (Gross profit)	13,021	13,105	-0.6
Headline EBITDA	470	6,330	-92.6
Headline EBITDA Margin	*3.6%*	*48.3%*	*- 44.7pp*
Operating profit	2,138	4,473	-52.2

Performance for the year ended 31 December 2016 saw $13.1 million of revenue, Headline EBITDA of $0.5 million and operating profit of $2.1m. The decrease in revenue compared to 2015, was due to a large contract signed in 2015 which included a significant signing bonus of $1.4 million. The Headline EBITDA performance reflects the investment into this division including costs associated with the previously announced appointments of an additional two high profile agents who increased our MLB client portfolio by 14, in addition to the provisions made to other receivables. Operating income was flat and the statutory operating profit was $2.1 million. The statutory operating profit is higher than the Headline EBITDA because of an exceptional credit relating to the adjustment to expected contingent consideration, that is expected to be payable in the future, as explained in note 6.

CASH FLOW AND BANKING ARRANGEMENTS

Cash balances as at 31 December 2016 were $8.6 million (31 December 2015: $6.3 million) and net debt of $22.1 million (31 December 2015: $16.4m). The increase in the Group's net debt was impacted by the investment into Baseball, the under performance of the US Sports Marketing business; lower profit from the Group's 2016 ICC soccer event (as previously stated); the acquisition of the remaining 45% of the ESP merchandise business that we did not own; and the Group's working capital requirements.

The Group's banking facilities were renewed on 3 November 2017 with Sun Trust Bank, its existing bankers. The facilities comprise an amortising term loan of $23.75 million and a revolving facility of $5 million. The facilities mature in March 2020. The interest margin varies between 5.5% and 3% over US LIBOR, depending on the Group's leverage ratio; it is secured against the assets of the Group. The term loan has quarterly repayments over the life of the loan together with a final bullet repayment. Any covenant breach caused by the accounting issues within the US business have been waived. The facilities are therefore no longer, as is required to be stated in the 31 December 2016 Group balance sheet, repayable with 12 months.

There are no cash earn-out payments due for 2016 performance. A total of $7.1 million of performance related contingent consideration remains payable subject to the achievement of certain EBIT growth targets, over the period 2017-2020.

FUTURE DEVELOPMENTS

The Group intends to continue its strategy of growth both organically and by acquisition. This strategy is focused on geographic expansion, where we offer on current services in new geographic; or expanding into complementary services that we can to provide to our clients.

DIVIDENDS

The Board has adopted a progressive dividend policy, intending to maintain or grow the dividend each year, subject to profitability and cash flow. In setting the dividend distribution policy and the overall financial strategy, the Board's aim is to continue to strike a balance between the interests of the business, our financial creditors and our shareholders by providing for business investment, meeting debt service obligations and funding the progressive dividend policy.

The board does not propose a final dividend for the year. The Group paid an interim dividend of 0.23 pence in 2016.

KEY PERFORMANCE INDICATORS ("KPI's")

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

	Year ended 31 December 2016	**Year ended 31 December 2015**
Headline EBITDA	$(0.4) million	$11.5 million
Headline EBITDA Margin	(1.2)%	35%
Loss/profit before tax	$(9.3) million	$0.9 million
Off-season contracts negotiated	$274 million	$146 million
Debtor collection days	60 days	63 days

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Group Income Statement
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000 as restated
Revenue	1	43,425	42,992
Cost of sales		(10,647)	(9,939)
Gross profit		32,778	33,053
Administrative expenses		(39,756)	(30,590)
Operating (loss)/profit from operations		(6,978)	2,463
Headline EBITDA		(398)	11,484
Amortisation and impairment of intangibles		(4,863)	(5,692)
Depreciation		(179)	(145)
Exceptional and acquisition related costs	3	1,597	225
Share based payments		(3,135)	(3,409)
Operating (loss)/profit from operations		(6,978)	2,463
Finance costs		(2,281)	(1,594)
(Loss)/Profit before taxation		(9,259)	869
Taxation	4	3,101	(1,834)
Loss for the year		(6,158)	(965)
Loss for the period from continuing operations attributable to:			
Owners of the company		(6,189)	(1,374)
Non-controlling interest		31	409
		(6,158)	**965**
Loss per share from continuing operations:			
Basic (cents)	2	(4.32)	(1.01)
Diluted (cents)	2	(4.32)	(1.01)

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Group Statement of Comprehensive Income
For the year ended 31 December 2016

	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000 (restated)
Loss for the year	(6,158)	(965)
Exchange differences on translation of overseas operations	(5,085)	(1,863)
Total comprehensive expense	**(11,243)**	**(2,828)**

Total comprehensive expense attributable to:		
Owners of the company	(11,274)	(3,250)
Non-controlling interests	31	422
	(11,243)	**(2,828)**

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Group Balance Sheet
31 December 2016

	Note	31 December 2016 $000	31 December 2015 $000 (restated)
Non-current assets			
Intangible assets – goodwill		42,156	42,156
Other intangible assets		4,581	9,022
Property, plant and equipment		480	375
Deferred tax asset		5,324	4,450
		52,541	**56,003**
Current assets			
Inventory		-	117
Trade and other receivables		16,491	19,554
Cash and cash equivalents		8,566	6,312
		25,057	**25,983**
Total assets		**77,598**	**81,986**
Current liabilities			
Trade and other payables		(15,612)	(12,621)
Borrowings	5	(30,625)	(2,500)
Contingent consideration	6	-	(1,600)
		(46,237)	**(16,721)**
Net current (liabilities)/assets		**(21,180)**	**9,262**
Non-current liabilities			
Borrowings	5	-	(20,251)
Contingent consideration	6	(6,602)	(9,105)
Derivative financial instruments		(76)	(14)
		(6,678)	**(29,370)**
Total liabilities		**(52,915)**	**(46,091)**
Net assets		**24,683**	**35,895**
Equity			
Share capital		4,473	4,461
Share premium		46,079	46,079
Merger reserve		309	-
Foreign currency reserve		(6,887)	(1,802)
Share based payments reserves		3,859	724
Employee share reserve		(9,633)	(9,633)
Retained loss		(13,517)	(4,068)
Total equity attributable to owners of the Company		**24,683**	**35,761**
Non-controlling interest		-	134
Total Equity		**24,683**	**35,895**

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Group Statement of Changes in Equity
For the year ended 31 December 2016 and 2015

	Share Capital	Share Premium	Merger Reserve	Shares to be Issued	Foreign Currency Reserve	Non-controlling interest	Share based payment reserves	Employee share reserve	Retained Loss	Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 1 January 2015	**3,839**	**33,303**	**-**	**1,311**	**74**	**-**	**1,422**	**-**	**(5,126)**	**34,823**
Total comprehensive income for the year (restated)	-	-	-	-	(1,876)	422	-	-	(1,374)	(2,828)
Dividend	-	-	-	-	-	-	-	-	(1,675)	(1,675)
Equity issued during the year	622	12,776	-	(1,311)	-	-	-	(9,633)	-	2,454
Credit to equity for share based payments	-	-	-	-	-	-	3,409	-	-	3,409
Reserve adjusted on exercise of LTIP	-	-	-	-	-	-	(4,107)	-	4,107	-
Non-controlling interest arising on acquisition	-	-	-	-	-	(288)	-	-	-	(288)
Balance at 1 January 2016 (restated)	**4,461**	**46,079**	**-**	**-**	**(1,802)**	**134**	**724**	**(9,633)**	**(4,068)**	**35,895**
Total comprehensive income for the year	-	-	-	-	(5,085)	31	-	-	(6,189)	(11,243)
Dividend	-	-	-	-	-	-	-	-	(1,949)	(1,949)
Equity issued during the year	12		309	-	-	-	-	-	-	321
Credit to equity for share based payments	-	-	-	-	-	-	3,135	-	-	3,135
Acquisition of non-controlling interest	-	-	-	-	-	(165)	-	-	(1,311)	(1,476)
Balance at 31 December 2016	**4,473**	**46,079**	**309**	**-**	**(6,887)**	**-**	**3,859**	**(9,633)**	**(13,517)**	**24,683**

TLA Worldwide plc

Group Statement of Cash Flows
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000
Net cash from operating activities	7	**1,897**	**2,042**
Investing activities			
Purchases of property, plant and equipment		(389)	(76)
Contingent consideration paid	6	(1,600)	(2,591)
Acquisition of subsidiaries		-	(6,418)
Purchase of other intangible assets		(21)	(100)
Net cash used in investing activities		**(2,010)**	**(9,185)**
Financing activities			
Interest paid		(1,299)	(727)
Repayment of borrowings		(2,500)	(1,875)
Fees paid on issue of new bank loans		-	(363)
Increase in borrowings		10,071	12,379
Dividend paid		(2,375)	(1,675)
Acquisition of non-controlling interest		(1,143)	-
Net cash from financing activities		**2,754**	**7,739**
Net increase in cash and cash equivalents		**2,641**	**596**
Cash and cash equivalents at beginning of the year		**6,312**	**5,857**
Foreign currency translation effect		(387)	(141)
Cash and cash equivalents at end of the year		**8,566**	**6,312**

Notes to the announcement of final results

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 2016, or year ended 31 December 2015, but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's annual general meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Going concern

The Directors have reviewed forecasts for the year ending 31 December 2017 and 31 December 2018. The Directors consider the forecasts to be prudent and have assessed the impact on the Group's cash flow, facilities and headroom within its banking covenants. Further, the Directors have assessed the future funding requirements of the Group, including the payment of future earn-outs, and compared the level of borrowing facilities. Based on this assessment, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these accounts. For this reason, they continue to adopt the giving concern basis in preparing the financial statements.

1. **Segmental Analysis**

   The Group reports its business activities in two areas: Baseball Representation and Sports Marketing. Unallocated represents the Group's costs as a public company, certain exceptional items and acquisition related costs (see note 3). The Group derives its revenues in the United States of America.

   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 of the Group's revenue arises through the rendering of services.

   In the year ended 31 December 2016, there were no clients who generated in excess of 10 percent of total revenue (31 December 2015: nil).

1. Segmental analysis (continued)

The Group reports its business activities in two areas: Baseball Representation and Sports Marketing. Unallocated represents the Group's costs as a public company, along with certain exceptional items and acquisition related costs (see note 3). The Group derives its revenues 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 arises through the rendering of services. In the year ended 31 December 2016, there were no clients who generated more than 10 percent of total revenue (2015: none).

Year ended 31 December 2016

	Baseball Representation	Sports Marketing	Unallocated	Total
	$000	$000	$000	$000
Revenue	13,078	30,347	-	43,425
Cost of sales	(57)	(10,590)	-	(10,647)
Gross profit	**13,021**	**19,757**	**-**	**32,778**
Operating expenses excluding depreciation, amortisation, share based payments, acquisition related costs and exceptional items	(12,551)	(16,362)	(4,263)	(33,176)
Headline EBITDA	**470**	**3,395**	**(4,263)**	**(398)**
Amortisation and impairment of intangibles	(3,127)	(1,736)	-	(4,863)
Depreciation	-	(78)	(101)	(179)
Exceptional items and acquisition related costs	4,795	(1,439)	(1,759)	1,597
Share based payments	-	-	(3,135)	(3,135)
Operating profit/ (loss)	**2,138**	**142**	**(9,258)**	**(6,978)**
Finance costs				(2,281)
Loss before tax				**(9,259)**
Tax				3,101
Loss for the year				**(6,158)**

Assets	39,215	32,290	6,093	77,598
Liabilities	(2,086)	(5,987)	(44,842)	(52,915)
Capital Employed	**37,129**	**26,303**	**(38,749)**	**24,683**

1. Segmental Analysis (Continued)

Year ended 31 December 2015 (restated)

	Baseball Representation	Sports Marketing	Unallocated	Total
	$000	$000	$000	$000
Revenue	15,103	27,889	-	42,992
Cost of sales	(1,848)	(8,091)	-	(9,939)
Gross profit	**13,255**	**19,798**	**-**	**33,053**
Operating expenses excluding depreciation, amortisation, share based payments, acquisition related costs and exceptional items	(6,925)	(11,404)	(3,240)	(21,569)
Headline EBITDA	**6,330**	**8,394**	**(3,240)**	**11,484**
Amortisation of intangibles	(3,532)	(2,160)	-	(5,692)
Depreciation	(10)	(84)	(51)	(145)
Exceptional items and acquisition related costs	1,685	(656)	(804)	225
Share based payments	-	-	(3,409)	(3,409)
Operating profit/ (loss)	**4,473**	**5,494**	**(7,504)**	**2,463**
Finance costs				(1,594)
Profit before tax				**869**
Tax				(1,834)
Loss for the year				**(965)**
Assets	36,887	28,397	16,702	81,986
Liabilities	(2,891)	(2,122)	(41,078)	(46,091)
Capital Employed	**33,996**	**26,275**	**(24,376)**	**35,895**

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.

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue		Non-Current Assets	
	2016	**2015**	**2016**	**2015**
	$000	$000 (restated)	$000	$000 (restated)
United Kingdom	2,248	2,931	3	82
North America	20,979	20,930	38,024	41,958
Australia	20,198	19,131	14,243	13,963
	43,425	42,992	52,270	56,003

2. Loss per share

	Year ended 31 December 2016 cents per share	Year ended 31 December 2015 cents per share (restated)
Basic loss per share	(4.32)	(1.01)
Diluted loss per share	(4.32)	(1.01)

In 2016 and 2015, 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. This is because the exercise of share options that are out of the money would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of the IAS 33.

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

	2016 $000	2015 $000 (restated)
(Loss) for the purposes of basic earnings per share being net (loss) / gain attributable to owners of the Company	(6,189)	(1,374)
Number of Shares		
Weighted average number of shares in issue:	143,193,261	133,909,187
Weighted average contingent consideration shares to be issued	-	2,457,085
Weighted average number of shares for the purposes of basic earnings per share	143,193,261	136,366,272
Weighted average share options	-	1,791,388
Weighted average number of shares for the purposes of diluted earnings per share	143,193,261	138,157,660

Headline earnings per share (see below)

	Year ended 31 December 2016 cents per share	Year ended 31 December 2015 cents per share (restated)
Basic headline earnings per share	1.00	5.57
Diluted headline earnings per share	1.00	5.50

Headline earnings is defined as profit or loss for the year adjusted to add back amortisation of acquired intangible assets and any other acquisition related charges, share based payment charges, fair value movement on financial derivatives, unwinding of discount on contingent consideration and exceptional items.

The Headline profit attributable to owners of the Company used in calculating the basic and diluted adjusted earnings per share is reconciled below:

2. Loss per share (continued)

	Year ended 31 December 2016 $000 £00	Year ended 31 December 2015 $000 (restated)
Loss attributable to shareholders	**(6,189)**	**(1,374)**
Adjusted for		
Exceptional and acquisition related costs (see note 3)	(1,597)	(225)
Share based payments	3,135	3,409
Amortisation and impairment of intangible assets	4,863	5,692
Fair value loss on interest rate swap	62	23
Unwinding of contingent consideration charges	617	680
Tax effect of adjusting items	543	(606)
Headline profit attributable to owners of the Company	**1,434**	**7,599**

3. Exceptional and acquisition related costs

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

	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000
Exceptional items:		
Acquisition costs related to ESP acquisition	-	794
Integration costs relating to ESP acquisition	252	416
Arbitration costs	-	321
Costs relating to offer by AAPC	1,473	-
Impairment of loans to TLA rights business *	1,230	-
Bungalow Entertainment LLC and other related items **	286	**-**
	3,241	**1,531**
Acquisition related costs/(gains):		
Loyalty bonus arising on acquisition	250	250
Fair value movement on valuation of contingent consideration (note 6)	(5,088)	(2,006)
	(4,838)	**(1,756)**
Total exceptional and acquisition related (gains) / costs	**(1,597)**	**(225)**

* The Loan impairment relates to the rights business in which the Group invested to establish “TLA sales”. The loan was written off when the business was closed in December 2016.

** Bungalow Entertainment LLC is the corporate vehicle which part of the misappropriated funds were put through.

4. Taxation

	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000 (restated)
UK Taxes		
Current year	(286)	(465)
Adjustments in respect of prior year	(47)	-
US Taxes		
Current year	3,122	(1,416)
Adjustments in respect of prior year	(89)	(113)
Australian Taxes		
Current year	(461)	(388)
Adjustments in respect of prior year	(12)	-
Total current tax	**2,227**	**(2,382)**
Deferred tax – current year	(66)	683
Deferred tax - adjustments in respect of prior year	940	(135)
	874	**548**
Total tax credit/(charge)	**3,101**	**(1,834)**

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

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

	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000 (restated)
Loss before tax on continuing operations	**(9,259)**	**869**
Tax charge at the US corporation tax rate of 34% (31 December 2015: 34%)	3,148	(295)
Effects of:		
Tax losses utilised in the year	-	451
Expenses not deductible for tax purposes	(815)	(1,535)
Adjustments to tax charge for prior periods	792	(248)
Tax impact of state tax in the USA	217	(181)
Effect of different tax rates of entities operating in other jurisdictions	(241)	(26)
Tax credit/(charge) for the year	**3,101**	**(1,834)**

5. Borrowings

	2016	2015
	$000	$000
Secured borrowing at amortised cost		
Bank loans	15,625	18,401
Revolving credit facilities	15,000	4,653
Debt costs amortised over the life of the facilities	-	(303)
	30,625	**22,751**
Total borrowings		
Amount due for settlement within 12 months	30,625	2,500
Amount due for settlement after 12 months	-	20,251
	30,625	**22,751**

All borrowings are denominated in US dollars. The other principal features of the Company's borrowings as at 31 December 2016 are as follows:

- interest is charged at 2.25% above US LIBOR;
- the facilities are secured against trade receivables and contracted revenue;
- the loan repayments are made quarterly over the life of the loan plus a final bullet repayment; and
- the facilities are renewable in March 2020.

As a result of a breach of the Group's fixed charges loan covenant in respect of the external borrowings after the year end date, the borrowings have been disclosed as entirely due for settlement within 12 months.

The Group's banking facilities were renewed on 3 November 2017 with Sun Trust Bank, its existing bankers. The facilities comprise an amortising term loan of $23.75 million and a revolving facility of $5 million. The facilities mature in March 2020. The interest margin varies between 5.5% and 3% over US LIBOR, depending on the Group's leverage ratio; it is secured against the assets of the Group. The term loan has quarterly repayments over the life of the loan together with a final bullet repayment. Any covenant breach caused by the accounting issues within the US business have been waived. The facilities are therefore no longer, as is required to be stated in the 31 December 2016 Group balance sheet, repayable with 12 months.

6. Contingent Consideration

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

	2016 $000	2015 $000
Payable in less than one year	-	1,600
Payable in one to two years	5,774	2,282
Payable in two to five years	1,821	8,484
Impact of discounting on provisions payable in cash	(993)	(1,661)
Total contingent consideration payable	**6,602**	**10,705**

The cash contingent consideration requires the achievement of certain EBIT targets over the period of each agreement. In addition the achieved EBIT must be converted into cash. To the extent this has not been achieved for each year, the earn-out is reduced by a proportion of the cash shortfall in that year.

6. Contingent Consideration (continued)

The Group has estimated the fair value of this liability based on the anticipated future EBIT of each underlying business. This value has then been discounted back to present value using the Group's weighted average cost of capital of 10.69%.

The Group has the option to settle 30% of an estimated amount up to $1,600,000 payable to PEG in shares in TLA (NY) Inc. In accordance with the terms of the exchange Agreement, these shares can be exchanged for Ordinary Shares in the capital of TLA Worldwide plc at any time at the option of the vendors.

	Contingent consideration $000
At 1 January 2015	**11,554**
Settlement of contingent consideration	(2,591)
Additional contingent consideration	3,291
Movement in fair value	(2,006)
Unwinding of discount	680
Foreign exchange movement	(223)
At 31 December 2015	**10,705**
Settlement of contingent consideration	(1,600)
Additional contingent consideration	1,410
Movement in fair value	(5,088)
Unwinding of discount	617
Foreign exchange movement	558
At 31 December 2016	**6,602**

The movement in fair value of $5.1 million relates primarily to the PEG and Legacy businesses where the defined EBIT targets are no longer expected to be met.

7. Notes of Cash flow Statement

	Year ended 31 December 2016 $000	Year ended 31 December 2015 $000 (restated)
Operating (loss)/profit for the year	(6,978)	2,463
Adjustments for:		
Amortisation and impairment of intangible assets	4,863	5,692
Depreciation of tangible assets	179	145
Loss on disposal of property, plant and equipment	110	-
Share based payment charges	3,135	3,409
Fair value movement on valuation of contingent consideration	(5,088)	(2,006)
Provision for irrecoverable receivables	5,923	679
Operating cash flows before movements in working capital	**2,144**	**10,382**
Decrease / (Increase) in inventory	117	(86)
Increase in receivables	(1,145)	(2,697)
Increase / (Decrease) in payables	1,341	(1,971)
Cash generated by operations	**2,457**	**5,628**
Income taxes paid	(969)	(2,335)
Other non-cash movements (foreign exchange)	409	(1,251)
Net cash from operating activities	**1,897**	**2,042**
Cash and cash equivalents		
Cash and bank balances	8,566	6,312

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 2016 $000	Cash flow $000	Non-cash Movements $000	31 December 2016 $000
Cash and bank balances	6,312	2,611	(357)	8,566
Borrowings	(22,751)	(7,571)	(303)	(30,625)
Net debt	**(16,439)**	**(4,960)**	**(660)**	**(22,059)**

8. 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.tlaworldwide.com. The AGM is to be held at the offices of DAC Beachcroft, at 100 Fetter Lane, EC4A 1BN at 11 am on 15 December 2017.