RNS Number : 3675N
International Brand Licensing PLC
10 June 2010

International Brand Licensing PLC
("IBL" or the "Company")

Final Results for the year ended 31 December 2009

International Brand Licensing plc, which has recently re-focussed on building a business within the in vitro diagnostic devices market, announces its final results for the year ended 31 December 2009.

Highlights:

- Change of strategy to one focused on building a business within the diagnostics market place through acquisition and organic growth
- New management team of David Evans and Julian Baines appointed
- Continued asset disposal of certain Admiral rights
- Cash at year end of £3.037 million

Commenting on Outlook, David Evans, Chairman of IBL, said:
The future is exciting as we seek to acquire businesses specialising in In-Vitro Diagnostics. We will make these acquisitions where we believe it is appropriate and we can deliver long term value to the Company and its shareholders.

Enquiries:

International Brand Licensing plc David Evans, Chairman	Tel: 020 7245 1100
Zeus Capital Ross Andrews	Tel: 0161 831 1512
Walbrook PR Paul McManus	Tel: 020 7933 8787 Mob: 07980 541 893 paul.mcmanus@walbrookpr.com

Chairman's Statement

This is my first report to you since becoming Chairman in late November last year and I want to both report on the past and give you a view of the future given the recent change in the Company's strategy.

Financials

Turnover for the year ended 31 December 2009 declined to £256,000 (2008: £465,000), reflecting the decision to exit from the brand licensing business.

Consequentially we were also able to reduce our Operating Expenses net of exceptionals from £1,474,000 in 2008 to £561,000. The resulting net loss was £305,000 (2008: £1,009,000).

The net exceptional items consisted of a gain on sale of certain territory rights of £362,000 (2008: £834,000) and a loss of £207,000 relating to a combination of costs of termination of a director's contract, a bad debt charge and strategic change. There was no impairment to the value of intangible assets (2008: £1,300,000).

The loss before tax amounted to £277,000 (2008: £923,000). The tax credit for the year was £74,000 (2008: tax charge £146,000) resulting in an overall net loss for the year of £203,000 (2008: £1,307,000).

Balance Sheet
At the Balance Sheet date the Group had a cash balance of £3,037,000 (2008: £2,501,000), the increase reflecting the successful fundraising in December last year. This represents a solid foundation to build upon for the Company's new direction.

Management
In November myself, Julian Baines and Kevin Wilson joined your Board and Tony Hutchinson stepped down on the announced change of strategic direction. The Board would like to thank Tony for his hard work on behalf of the Company during a challenging period.

Asset Disposals
During the period we divested certain Admiral rights in Australia, New Zealand and Asia. Since the year end we have disposed of further rights in the UK and Ireland and in certain other territories in North Africa and the Middle East for a total cash consideration of £530,000. We are also confident about disposing the remaining rights over the next few months and we are actively negotiating the sale of these territories.

Strategic Direction
As announced and subsequently confirmed by Shareholders, the Company has decided to focus on opportunities in In-Vitro Diagnostics ("IVD"), with an emphasis on diagnostic tests in the point of care arena.

I do believe that there are opportunities to build an IVD Company of scale from a UK base and we have been working hard to deliver on this by looking at companies to acquire with existing channels of distribution.

Outlook
The future is exciting as we seek to acquire businesses specialising in In-Vitro Diagnostics. We will make these acquisitions where we believe it is appropriate and we can deliver long term value to the Company and its shareholders.

I look forward to updating you on progress throughout the rest of the year.

David Evans
Chairman
10 June 2010

Principal Activities and Business Review

The principal activity of the Group has historically been the exploitation of a portfolio of sports and lifestyle brands, trademarks, trade names and logos. The Group has sought to exploit the value of its brands by granting licences to third parties authorising the manufacture, marketing and sale of specified licensed products for a fixed term by reference to a particular territory. On 4 January 2010, the Company's shareholders approved a proposed change in strategy of the Company to dispose of the brands and to build a business focused within the In-Vitro Diagnostic devices ("IVD") market place. Further announcements with regard to the development of this strategy will be made in due course.

Historically, the revenue stream has consisted of two main elements a) royalties received worldwide through the licensing of the Admiral brand to contracted licensees, and b) sales of cricket replica kits through its sponsorship agreements with the ECB and WICB. As both these sponsorship contracts terminated during 2008, the financial statements reflect only the ongoing business i.e. royalty income received from licensees around the world. As such, all income and costs relating to the cricket replica business have been classified as discontinued operations on the Consolidated Income Statement in the 2008 comparatives.

Group turnover decreased by 45% to £256,000 (2008: £465,000). This reduction in turnover is largely due to the Company having disposed of further Admiral-licensed territories during 2009 and the latter part of 2008, as follows:

- Sale of Admiral trademarks in Turkey to Diethnis Athlitiki in June 2008 for a cash consideration of Eur 400,000.
- Sale of Admiral trademarks in Southern Africa to Admiral IP Limited in July 2008 for a cash consideration of £225,000.
- Sale of Admiral trademarks in Japan to IPGI Inc and Toyota Tsusho Trading Corporation in September 2008 for a cash consideration of £1,180,000.
- Sale of Admiral trademarks in Australia and New Zealand to Soccer Shirts International (Pty) Limited in August 2009 for a cash consideration of £117,000.

In addition, in late-December 2009 the Company sold its 49% stake in Admiral Asia Limited to Rich Crest Group for a cash consideration of £375,000. This was announced on 5 January 2010. In addition, on 28 May 2010 the Company announced that it had sold the rights to the Admiral sports brand in the UK and Ireland and certain other territories in North Africa and the Middle East for a total consideration of £530,000.

Whilst the sale of the above territories has resulted in a drop in revenues, the Group has obviously benefited from the sizeable cash considerations which will allow the business to pursue its new proposed strategy.

The Group made an operating loss before exceptional items for the year ended 31 December 2009 of £399,000 (2008: loss £482,000), hence despite a reduction in revenues for the year, significant reductions in overheads has resulted in a reduction in operating expenses of 31% to £655,000 (2008: £947,000). Specific points worth highlighting are:

(a) Travel costs decreased by £32,000 in 2009, due to reduced visits to worldwide licensees. This has been largely as a result of the Company now having a lower number of licensees, albeit there was also a concerted effort to reduce the cost of servicing the current licensees, as indicated in last year's Business Review.

(b) Legal fees decreased by £49,000 in 2009. Similar to the point made above, fewer territories and less trademark registrations means lower legal maintenance costs; negotiations were also made with the Company's trademark lawyers to reduce the cost of servicing the ongoing trademark registrations.

(c) The 2008 financial statements included a one-off provision of £120,000 for a potential liability to one of our European licensees. Although the Directors believe this liability is unlikely to crystallise, they have been prudent and kept the provision in place for the foreseeable future.

(d) The 2008 financial statements reflected a £57,000 adverse currency exchange difference arising on the settlement of certain transactions, whereas the 2009 financial statements reflected a favourable currency exchange of £22,000, a movement of £79,000.

An exceptional profit on the sale of intangible assets of £362,000 was generated in the year. This has arisen due to three main elements:

(a) The Admiral territorial sale of Australia and New Zealand grossed £117,000 in sales proceeds; around £28,000 of costs were associated with this sale, resulting in a profit of £89,000.

(b) The group sold its 49% stake in Admiral Asia for £375,000 just before the year end, against which associated costs of £102,000 were allocated, resulting in a profit of £273,000.

(c) Further exceptional costs incurred in the year totalled £207,000, which includes a termination payment to former CEO Anthony Hutchinson of £104,000, bad debt write-offs of £67,000, and other non-recurring costs of £36,000.

A share based payment, which is a non-cash item, of £61,000 (2008: £61,000) has been charged to the Income Statement.

Following the above charges, an operating loss after exceptional items of £305,000 (2008: loss £1,009,000) has been incurred during the year.

After having received interest income of £29,000 (2008: £86,000), and having incurred a finance cost of £1,000 (2008: £nil) a loss before tax of £277,000 (2008: loss £923,000) was reported.

Income tax of (£74,000) (2008: £146,000) was charged in the year, resulting in a loss from continuing operations of £203,000 (2008: loss £1,069,000).

No charges were made to the Income Statement in relation to discontinued operations (2008: £238,000).

The loss for the year was reported at £203,000 (2008: loss £1,307,000).

The balance sheet shows that the Group's financial position remains strong with total assets of £6.40 million (2008: £5.74 million) and net assets of £5.62 million (2008: £5.07 million).

Included in the above assets are cash and cash equivalent balances of £3.04 million (2008: £2.50 million) as well as £425,000 of accrued income, most of which has since been received after the year end.

On 26 November 2009, the Company raised over £1 million of cash through the issue of 8,398,300 new ordinary shares at a premium of 11.75p, thereby increasing the Company's share capital to £420,000.

It is worth noting that Intangible Assets are now valued at £1.95 million (2008: £2.62 million); the reduction is, in part, due to a transfer to current asset intangibles of £473,000, being the value of territories currently under negotiation to be sold in 2010. In addition, an exchange rate loss of £199,000 has reduced the value of the brand; in accordance with International Financial Reporting Standards this loss has not been realised in the Income Statement but has been charged to Equity as a Foreign Currency Reserve as shown on the face of the Group Balance Sheet.

Future Outlook

The Group is now focussed on building a business within the In-Vitro Diagnostics industry; further announcements with regards the Company's progress with this new strategy will be made in due course.

Consolidated Income Statement
For the year ended 31 December 2009

	Notes	*2009 £'000*	*2008 £'000*
Group revenue	2	256	465
Operating expenses		(561)	(1,474)
Operating loss	3	(305)	(1,009)
Operating loss analysed as:			
Group revenue		256	465
Operating expenses before exceptional items		(655)	(947)
Operating loss before exceptional items		(399)	(482)
Exceptional profit on sale of intangible assets	4	362	834
Exceptional impairment of intangible assets		-	(1,300)
Exceptional other costs	4	(207)	-
Share based payments		(61)	(61)
Operating loss after exceptional items		(305)	(1,009)
Finance income	5	29	86
Finance costs	5	(1)	-
Loss before income tax		(277)	(923)
Taxation	6	74	(146)
Loss from continuing operations		(203)	(1,069)
Loss from discontinued operations		-	(238)
Loss for the year attributable to shareholders		(203)	(1,307)
Loss per ordinary share		Pence	Pence
Basic and diluted	7	(0.6)	(3.9)

Consolidated Statement of Recognised Income and Expenses
For the year ended 31 December 2009

	2009 £'000	*2008 £'000*
Exchange differences on translation of foreign operations	(218)	1,420

Fair value adjustment in respect of available-for-sale financial assets	(130)	(49)
Income and expense recognised directly in equity	(348)	1,371
Loss for the year	(203)	(1,307)
Total recognised (expenses)/income for the year	(551)	64

All amounts are attributable to equity holders of the company.

Group and Company Balance Sheets
As at 31 December 2009

Assets	*Notes*	*Group 2009 £'000*	*Group 2008 £'000*	*Company 2009 £'000*	*Company 2008 £'000*
Non-current assets					
Property, plant and equipment		-	3	-	-
Intangibles	8	1,949	2,621	-	-
Deferred tax assets		94	62	94	62
Investments		-	-	213	213
Available-for-sale financial assets		141	21	141	21
Total non-current assets		2,184	2,707	448	296
Current assets					
Current asset intangibles		473	-	-	-
Trade and other receivables		703	530	185	25
Cash and cash equivalents		3,037	2,501	2,940	2,385
Total current assets		4,213	3,031	3,125	2,410
Total assets		6,397	5,738	3,573	2,706
Liabilities					
Current liabilities					
Trade and other payables		(622)	(457)	(1,703)	(1,283)
Current tax liabilities		(155)	(211)	-	-
Total current liabilities		(777)	(668)	(1,703)	(1,283)
Net assets		5,620	5,070	1,870	1,423
Equity					
Share capital		420	336	420	336
Share premium account		4,077	3,090	4,077	3,090
Other reserve		244	244	-	-
Foreign currency reserves		1,265	1,483	-	-
Retained earnings		(386)	(83)	(2,627)	(2,003)
Total shareholders' equity		5,620	5,070	1,870	1,423

Consolidated Cash Flow Statement
For the year ended 31 December 2009

	2009 £'000	*2008 £'000*
Cash Flow from operating activities		
Operating loss	(305)	(1,009)
Loss from discontinued operations	-	(238)
Depreciation	3	3
Exceptional impairment of intangible assets	-	1,300
Exceptional profit on sale of intangible asset	(362)	(834)
Increase in receivables	(173)	(3)
Increase/(decrease) in payables	135	(65)
Decrease in inventories	-	110
Share-based payment	61	61

Taxes paid	(12)	(45)
Foreign currency translation	(22)	73
Net cash used in operating activities	(675)	(647)
Cash flow from investing activities		
Interest received	29	86
Net proceeds on sale of intangible asset	362	1,625
Purchase of listed Investments	(250)	-
Net cash generated by investing activities	141	1,711
Cash flow from financing activities		
Interest paid	(1)	-
Proceeds from issue of equity instruments	1,071	-
Net cash generated by financing activities	1,070	-
Net increase in cash and cash equivalents	536	1,064
Cash and cash equivalents at beginning of year	2,501	1,437
Cash and cash equivalents at end of year	3,037	2,501

Notes

1. Accounting policies

The principal accounting policies adopted in preparation of the Group's financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Acts applicable to companies preparing their financial statements under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS. Further standards may be issued by the International Accounting Standards (IASB) and standards currently in issue and endorsed by the EU may be subject to interpretations issued by IFRIC.

The preparation of financial statements, in conformity with general accepted accounting principles under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

As permitted by section 408 of the Companies Act 2006 a separate income statement for the parent Company is not presented. The Company's loss for the year was £524,000 (2008: Loss £430,000).

2. Segmental Reporting

Primary segmental reporting

During 2008 the group discontinued its Replica kit business. Since then, the group's business is attributable to a single segment, being its licensing business.

Secondary segmental reporting format

The turnover is attributable to the principal activity of the Group. An analysis of turnover by geographical destination is given below:

	2009 *£'000*	*2008* *£'000*
United Kingdom	138	190
Europe and Scandinavia	7	30
North America	100	134
Asia	11	95
Rest of the World	-	16
	256	465

3. Operating loss

Operating loss has been arrived at after charging:

	2009 *£'000*	*2008* *£'000*
Staff costs	217	354
Depreciation of property, plant and equipment	3	3
Operating lease expenditure:		
- Land and buildings	7	11
- Motor vehicles	4	6
Auditors' remuneration:		
- Fees payable to the Company's auditors for the audit of the company's annual financial statements and subsidiaries' financial statements	19	25
- Tax compliance services	3	5

4. Exceptional Items

	2009	*2008*
	£'000	*£'000*
Exceptional profit on sale of intangible assets		
Sales of intangible assets	486	1,812
Costs associated with sale of intangible assets	(124)	(978)
	362	834
Exceptional other costs		
Bad debt write off	(67)	-
Future change of strategy costs	(36)	-
Termination payment for Anthony Hutchinson (former director)	(104)	-
	(207)	-

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

5. Finance income and costs

	2009 *£'000*	*2008* *£'000*
Finance Income		
Interest income from deposits	29	86
Finance Costs		
Interest expense from borrowings at amortised cost	1	-

6. Taxation

	2009 £'000	2008 £'000
Current Tax Expense		
Current tax charge	-	158
Adjustment in respect of prior periods	(42)	-
Current tax expense	(42)	158
Deferred tax income	(32)	(12)
Total tax expense	(74)	146

The tax charge is all attributable to continuing operations.

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 28%.

The differences are explained below:

	2009 £'000	2008 £'000
Loss before tax	(277)	(923)
Loss on ordinary activities at the standard rate of corporation tax In the UK of 28% (2008 - 28%)	(78)	(259)
Effects of:		
Expenses that are not deductible in determining taxable profit	61	30
Impairment review of intangible assets	-	364
Discontinued operations - losses utilised	-	(71)
Adjustment in respect of prior periods	(42)	-
Other tax adjustments	(15)	82
Total tax expense	(74)	146

7. Loss per share

	2009 £'000	2008 £'000
Loss		
Loss for the purposes of basic and diluted earnings per share	(203)	(1,307)
Numbers		
Weighted average number of ordinary shares for the purpose of basic earnings per share	34,293,228	33,593,353
Basic loss per 1p share	(0.6) pence	(3.9) pence

There is no dilutive effect of the options.

8. Intangible Fixed Assets

Group

	Intangible Fixed Assets £'000
Cost	
At 1 January 2008	3,365
Disposals	(791)
Exceptional impairment	(1,300)
Exchange Differences	1,347
At 31 December 2008	2,621

Transfer to current assets	(473)
Exchange Differences	(199)
At 31 December 2009	1,949

During the year, the Group's trademarks were tested for impairment in accordance with IAS 36 on the basis of the relevant cash generating units. The recoverable amount of a cash generating unit is determined by value-in-use calculations. These calculations use cash flow projections over the next 10 years. The key assumptions for the value-in-use calculations are those regarding revenue growth and discount rates. The directors determined budgeted revenue growth based on past performance and their expectations for market development. The discount rate of approximately 10% was determined using post-tax rates that reflect current market assessments of the time value of money and the risks attached to these trademarks.

The sale of certain other territories is currently under negotiation and hence £473,000 has been transferred to current assets in anticipation of this transaction.

The Group's trademarks are held by the Swiss Subsidiary whose functional currency is Swiss Francs. Exchange differences arise upon the retranslation of the assets into British Pounds Sterling at the balance sheet date.

9. Delivery of Accounts

The statutory accounts in respect of the prior year ended 31 December 2008 have been delivered to the Registrar of Companies and the auditors of the Company made a report thereon under Section 235 of the Act. That report was an unqualified report and did not contain a statement under Section 237 (2) or (3) of the Act.

10. Availability of Accounts

This statement is not being posted to shareholders. The Report and Accounts will be posted to shareholders later today. Copies of this announcement and further copies of the Report and Accounts can be downloaded from the website: www.iblplc.com.