

TVC Holdings plc

Preliminary financial results for the year ended 31 March 2011

TVC Holdings plc (“TVC” or the “Company”), the investment holding company, today (Wednesday, 18 May 2011) announces its Preliminary Financial Results for the year ended 31 March 2011.

Key Performance Highlights:

- Strong gross portfolio return attributable to equity shareholders of €13.7 million in the year to 31 March 2011, driven by the gain realised on the sale of Norkom and the increase in value of the Company’s investment in UTV.
- Profit before tax attributable to equity shareholders of €11.6 million.
- Sale of investment in Norkom in March 2011, as part of its acquisition by BAE Systems (Holdings) Limited, a wholly owned subsidiary of BAE Systems plc. TVC realised cash proceeds of €41.6 million representing a gain of €10.9 million, a 1.4 times return on the valuation of TVC’s investment at 31 March 2010 and a return of 2.8 times original cost.
- Sale of investment in APT Licensing Limited in July 2010 realising proceeds of up to €1.2 million (net of non-controlling interest) which, when combined with the proceeds received from the sale of APT’s hardware division in 2009, represented a 1.5 times total return on the carrying value prior to disposal.
- 13% increase in equity value per share (shareholders’ equity of €106.0 million and 101.1 million shares in issue) from €0.93 at 31 March 2010 to €1.05 at 31 March 2011.
- Net assets at 31 March 2011 of €106.0 million mainly comprised of cash at bank and government bonds of €72.0 million (68%), quoted equity investments of €24.8 million (23%) and unquoted investments of €9.2 million (9%). TVC has no debt.
- During the year, TVC’s main focus was on optimising the value of the existing portfolio as well as positioning the business to take further advantage of opportunities as they arise.

Commenting on the year end Financial Results, TVC Holdings’ Executive Chairman, Shane Reihill, said:

“We are pleased with our performance for the year during which we have continued to work actively with our core portfolio investments to maximise their value. This was shown by the successful sales of Norkom and APT, generating proceeds of €42.8 million, which contributed to a gross portfolio return attributable to equity shareholders of €13.7 million.

“The Company had net assets of €106 million and no debt at 31 March 2011. TVC’s cash plus its quoted investment in UTV represent 91% of our net asset value at 31 March 2011. Four unquoted investments represent most of the remaining 9% of our net asset value at 31 March 2011.

“We believe that there will be significant restructuring opportunities in Ireland and the UK where trading companies with excessive debt will need to raise new equity at attractive terms for new investors. TVC’s management has extensive experience of complex turnaround transactions. We expect the number of restructuring opportunities to increase over the next 12 months, particularly as banks focus on resolving problems within their corporate portfolios.

“With cash and government bonds increased to €72 million, we believe that TVC is in a strong position to make additional long term investments at what we expect to be attractive valuations, adding further value to our investment portfolio. We also believe that, given this significant cash balance, the Company is in a very strong position to continue to deliver on its strategy and maximise value for all our shareholders”.

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Executive Chairman's Statement

Overview of investment portfolio

In the year ended 31 March 2011, the Group achieved a gross portfolio return attributable to equity shareholders of €13.7 million, 79% of which related to the gain realised on the sale of the Group's investment in Norkom Group plc as outlined below.

Economic conditions continue to be challenging and the volume of investment transactions generally remains low relative to pre-financial crisis levels. During the year, our main focus has continued to be on managing our existing portfolio and tight management of our costs in order to prepare the business to take advantage of an improvement in market conditions. There were no new investments made during the year ended 31 March 2011.

As at 31 March 2011, TVC's investment portfolio was comprised as follows:

	Value €'000	% Investments	% Investments + Cash
UTV Media plc	24,777	73%	23%
Unquoted Investments	9,215	27%	9%
Total Investments	33,992	100%	32%
Cash & Government Bonds	72,012		68%
Total Investments + Cash	106,004		100%

TVC's quoted investment in UTV Media plc was valued based on its closing bid price on 31 March 2011. The unquoted investments were valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines and the Group's accounting policies.

Realisations

In March 2011, TVC disposed of its interest in Norkom Group plc as part of its acquisition by BAE Systems (Holdings) Limited, a wholly owned subsidiary of BAE Systems plc. The entire consideration was paid in cash and TVC received proceeds of €41.6 million. The consideration received by TVC represented a return of 1.4 times the valuation of its investment at 31 March 2010 and 2.8 times original cost. A gain on the sale of this investment of €10.9 million was realised in the year ended 31 March 2011.

In July 2010, TVC disposed of its interest in APT Licensing Limited as part of the sale of APT to CSR plc. Under the terms of the deal, TVC will realise proceeds of up to €1.2 million (net of non-controlling interest). The Company received a cash consideration of €0.6 million including loan stock interest paid on completion, plus an additional sum is payable to the Group of up to US\$0.7 million part of which is subject to escrow and the remainder of which is subject to performance criteria over the period ending 31 December 2011. The sale of this investment realised a gain of €0.4 million in the year ended 31 March 2011, excluding the performance-related earn out. In addition, interest received on APT loan stock amounted to €0.3 million. The total consideration payable to TVC, including escrow and earnout, when combined with the proceeds received from the sale of APT's hardware division in 2009, represented a 1.5 times total return on the carrying value prior to disposal.

Equity value per share

The equity value per share as at 31 March 2011 was €1.05 (shareholders' equity of €106.0 million and 101.1 million shares in issue) compared to the equity value at 31 March 2010 of €0.93, an increase of 13%. The movement in the equity value per share during the year ended 31 March 2011 was as follows:

	€'000	€'000	Cent per share
Equity value at beginning of year		94,301	93.3
Realised gains on disposal of investments			
- Norkom Group	10,889		
- Unquoted investments	<u>528</u>	11,417	11.3
Unrealised gains/(losses) on investments			
- UTV Media (including foreign exchange movements)	1,284		
- Foreign exchange movements on unquoted investments	<u>(177)</u>	1,107	1.1
Net costs (excl. share-based payment expenses) plus tax attributable to equity shareholders		(785)	(0.8)
Equity value at end of year		<u>106,040</u>	<u>104.9</u>

As at the reporting date, TVC had cash and government bonds of €72.0 million and no bank debt.

Winding-up of Trinity Venture Funds

During the year, TVC and the external limited partners in Trinity Venture Fund 1 and Trinity Venture Fund 2 (the "Funds") agreed to wind-up the Funds with effect from 30 September 2010. The Funds' net assets at that date, which mainly comprised of a quoted investment in Norkom Group plc and a number of unquoted investments, were subsequently distributed to the former limited partners.

At the beginning of the year, the Funds held 23.5 million shares in Norkom, of which 4.4 million were attributable to the external limited partners, and that portion was valued at €6.8 million. At 30 September 2010, these shares had a value of €4.0 million and were distributed by the Funds to the external limited partners recording a loss of €2.8 million. In accordance with accounting standards, the loss of €2.8 million for the period to 30 September 2010, attributable to the external limited partners, is reflected in the Group's income statement for the year.

Therefore, in the statement of financial position at 31 March 2011, the non-controlling interest, which related to the external limited partners' interest in the Funds, has been reduced to nil and the group's net assets reflect only the amounts directly attributable to TVC's equity shareholders. The winding-up of the Funds had no impact on TVC's shareholders' equity.

Business strategy and outlook

TVC's strategy is, in the medium term, to have a core portfolio of four to five platform investments in quoted and unquoted companies across a number of business sectors, and to continue to realise significant value from the other companies in its portfolio. The Company had net assets of €106 million and no debt at 31 March 2011. TVC's cash plus its quoted investment in UTV Media plc represent 91% of our net asset value at 31 March 2011. Four unquoted investment represent most of the remaining 9% of our net asset value at 31 March 2011.

We believe that there will be significant restructuring opportunities in Ireland and the UK where trading companies with excessive debt will need to raise new equity at attractive terms for new investors. TVC's management has extensive experience of complex turnaround transactions. We expect the number of restructuring opportunities to increase over the next 12 months, particularly as banks focus on resolving problems

within their corporate portfolios. With cash and government bonds increased to €72.0 million, we believe that TVC is in a strong position to continue to deliver on its strategy and maximise value for our shareholders. Given our significant cash balance, we believe we are also in a strong position to take advantage of an improvement in market conditions.

Board, management and staff

I would like to thank TVC's Board, management and staff for their continued commitment and significant contribution to the successful outcome for the year.

Shane Reihill
Executive Chairman

18 May 2011

Condensed consolidated statement of financial position

as at 31 March 2011

	<i>Notes</i>	2011 €'000	2010 €'000
Non-current assets			
Investments designated as fair value through profit or loss			
Quoted equity investments		24,777	60,964
Unquoted equity investments		8,715	10,947
Loans and receivables		500	500
Total investment portfolio	2	33,992	72,411
Property, plant and equipment		130	8
Total non-current assets		34,122	72,419
Current assets			
Available-for-sale investments	5	14,483	9,999
Other receivables		961	3,615
Current taxation recoverable		76	-
Financial assets – bank deposits > 3 months		20,000	-
Cash and cash equivalents		37,529	18,518
Total current assets		73,049	32,132
Total assets		107,171	104,551
Current liabilities			
Trade and other payables		(1,131)	(861)
Current taxation payable		-	(81)
Total current liabilities		(1,131)	(942)
Net assets		106,040	103,609
Equity			
Shareholders' capital		1,011	1,011
Share option reserve		1,497	1,391
Other reserves		1,995	1,981
Retained earnings		101,537	89,918
Shareholders' equity		106,040	94,301
Non-controlling interest	6	-	9,308
Total equity		106,040	103,609

Condensed consolidated income statement

for the year ended 31 March 2011

	Notes	2011			2010		
		Equity shareholders €'000	Non- controlling interest €'000	Total €'000	Equity shareholders €'000	Non- controlling interest €'000	€'000
Realised profits over opening value on the disposal of investments		11,417	75	11,492	695	156	851
Realised loss over opening value on investments distributed to non-controlling interest	4	-	(2,812)	(2,812)	-	-	-
Net unrealised profits on the revaluation of investments		1,107	-	1,107	25,772	2,943	28,715
		12,524	(2,737)	9,787	26,467	3,099	29,566
Portfolio income							
Dividends		609	-	609	401	-	401
Fees receivable		266	9	275	418	38	456
Income from loans and receivables		350	78	428	-	-	-
Gross portfolio return		13,749	(2,650)	11,099	27,286	3,137	30,423
Operating expenses, net (including share-based payment expenses of €0.1m (2010: €0.4m))		(2,651)	(224)	(2,875)	(2,263)	(468)	(2,731)
Net portfolio return		11,098	(2,874)	8,224	25,023	2,669	27,692
Finance income		343	-	343	663	1	664
Finance expense		(2)	-	(2)	(1)	-	(1)
Exchange movements		187	44	231	(24)	(5)	(29)
Profit/(loss) before tax		11,626	(2,830)	8,796	25,661	2,665	28,326
Income tax		(7)	-	(7)	(194)	-	(194)
Profit/(loss) after tax for the financial year		11,619	(2,830)	8,789	25,467	2,665	28,132
Earnings per share							
Basic EPS (cent)	8	11	-	11	25	-	25
Diluted EPS (cent)	8	11	-	11	25	-	25

Condensed consolidated statement of comprehensive income

for the year ended 31 March 2011

	2011			2010		
	Equity shareholders €'000	Non- controlling interest €'000	Total €'000	Equity shareholders €'000	Non- controlling interest €'000	€'000
Profit/(loss) for the year	11,619	(2,830)	8,789	25,467	2,665	28,132
Other comprehensive income						
Change in fair value of available- for-sale investments	14	-	14	(237)	-	(237)
Total comprehensive income for the year	11,633	(2,830)	8,803	25,230	2,665	27,895

Condensed consolidated statement of cash flows

for the year ended 31 March 2011

	2011	2010
	€'000	€'000
Cash flows from operating activities		
Profit for year before tax	8,796	28,326
<i>Adjusted for:</i>		
Depreciation	17	37
Unrealised profits on the revaluation of investments	(1,107)	(28,715)
Realised profits over opening value on the disposal of investments	(11,492)	(851)
Realised loss over opening value on investments distributed to non-controlling interest	2,812	-
Exchange movements	(231)	29
Share-based payment expenses	106	420
Income from loans and receivables	(428)	-
Finance income	(343)	(664)
Finance expense	2	1
Purchase of investments	-	(443)
Proceeds from disposal of investments	45,362	866
Decrease/(increase) in other current assets	313	(177)
Increase/(decrease) in trade and other payables	273	(1,139)
Tax paid	(166)	(305)
Net cash inflow/(outflow) from operating activities	43,914	(2,615)
Cash flows from investing activities		
Purchase of available-for-sale investments	(24,517)	-
Sale of available-for-sale investments	19,750	-
Increase in financial assets - bank deposits > 3 months	(20,000)	-
Interest received	491	629
Purchase of property, plant and equipment	(139)	(3)
Net cash (outflow)/inflow from investing activities	(24,415)	626
Cash flows from financing activities		
Interest paid	(2)	(1)
Contributions from non-controlling interest	221	581
Distributions to non-controlling interest	(707)	(861)
Net cash outflow from financing activities	(488)	(281)
Net increase/(decrease) in cash and cash equivalents	19,011	(2,270)
Opening cash and cash equivalents	18,518	20,788
Closing cash and cash equivalents	37,529	18,518

Condensed consolidated statement of changes in shareholders' equity

for the year ended 31 March 2011

	No. of shares	Ordinary shares €'000	Share premium €'000	Share option reserve €'000	Other reserves €'000	Retained earnings €'000	Shareholders' equity €'000	Non- controlling interest €'000	Total €'000
Balance at 1 April 2009	101,112,579	1,011	133,943	1,003	2,186	(69,492)	68,651	6,923	75,574
Profit for the year	-	-	-	-	-	25,467	25,467	2,665	28,132
<i>Other comprehensive income</i>									
Change in fair value of available- for-sale investments	-	-	-	-	(237)	-	(237)	-	(237)
Total comprehensive income for the year	-	-	-	-	(237)	25,467	25,230	2,665	27,895
Reduction of share premium	-	-	(156,627)	-	-	156,627	-	-	-
Re-classification of reverse acquisition deficit	-	-	22,684	-	-	(22,684)	-	-	-
Net distributions to non- controlling interest	-	-	-	-	-	-	-	(280)	(280)
Share-based payments	-	-	-	388	32	-	420	-	420
Balance at 31 March 2010	101,112,579	1,011	-	1,391	1,981	89,918	94,301	9,308	103,609
Profit/(loss) for the year	-	-	-	-	-	11,619	11,619	(2,830)	8,789
<i>Other comprehensive income</i>									
Change in fair value of available- for-sale investments	-	-	-	-	14	-	14	-	14
Total comprehensive income for the year	-	-	-	-	14	11,619	11,633	(2,830)	8,803
Net distributions to non- controlling interest	-	-	-	-	-	-	-	(6,478)	(6,478)
Share-based payments	-	-	-	106	-	-	106	-	106
Balance at 31 March 2011	101,112,579	1,011	-	1,497	1,995	101,537	106,040	-	106,040

Following the passing of a special resolution at TVC's 2009 Annual General Meeting, the High Court confirmed the reduction of the Company's share premium account on 30 July 2009. As a result, the entire amount of the share premium account, amounting to €156.6 million, was cancelled and this amount was credited to revenue reserves thereby eliminating the Group's accumulated deficit.

For presentation purposes, the deficit on the reverse acquisition reserve, which arose on the acquisition of Trinity Venture Capital Limited by TVC in July 2007 and which had previously been offset against the Company's share premium account, has been offset against the Group's retained earnings in the consolidated financial statements.

Notes to the condensed consolidated preliminary financial information

1 Basis of preparation

The unaudited condensed consolidated preliminary financial information of the Company for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the “Group”)

The unaudited condensed consolidated preliminary financial information, included in the preliminary financial results announcement, which should be read in conjunction with the 2010 Annual Report, has been derived from the consolidated financial statements of TVC Holdings plc for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and effective at 31 March 2011.

Full details of the Group’s accounting policies will be included in the 2011 Annual Report. The financial information contained in this preliminary announcement has been prepared on a consistent basis and using the same accounting policies as those applied in the Group’s consolidated financial statements for the year ended 31 March 2010. None of the new IFRSs or interpretations that are effective for the financial year ended 31 March 2011 had an impact on the Group’s reported income or net assets.

The unaudited condensed consolidated preliminary financial information presented herein does not constitute full statutory financial statements of the Group within the meaning of Regulation 40 of the European Communities (Companies: Group Accounts) Regulations, 1992. Statutory financial statements for the year ended 31 March 2010 have been filed with the Companies Registration Office. The auditor’s report on those financial statements was unqualified. The statutory financial statements for the year ended 31 March 2011 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and, together with the independent auditor’s report thereon, will be filed with the Companies Registration Office following the Company’s Annual General Meeting.

At the date of issue of this preliminary announcement, the Group’s statutory financial statements for the year ended 31 March 2011, and therefore the results shown in this preliminary announcement, are unaudited. In the opinion of the Directors, the preliminary announcement includes all adjustments necessary for a fair presentation of the results for the periods presented.

The consolidated financial statements and the condensed consolidated preliminary financial information were approved by the Board of Directors on 16 May 2011.

The consolidated financial information is presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and its subsidiaries.

The preparation of the condensed consolidated preliminary financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing this financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2010.

2 Investment portfolio

	Equity investments €'000	Loans and receivables €'000	Total €'000
Year to 31 March 2011			
At 1 April 2010	71,911	500	72,411
Disposals, repayments	(30,747)	-	(30,747)
Distributions to non-controlling interest (note 3)	(5,967)	-	(5,967)
Realised loss on investments distributed to non-controlling interest (note 4)	(2,812)	-	(2,812)
Revaluation	786	-	786
Exchange movements	321	-	321
At 31 March 2011	33,492	500	33,992
Quoted	24,777	-	24,777
Unquoted	8,715	500	9,215

	Equity investments €'000	Loans and receivables €'000	Total €'000
Year to 31 March 2010			
At 1 April 2009	42,768	500	43,268
Additions	443	-	443
Disposals, repayments	(15)	-	(15)
Revaluation	28,144	-	28,144
Exchange movements	571	-	571
At 31 March 2010	71,911	500	72,411
Quoted	60,964	-	60,964
Unquoted	10,947	500	11,447

3 Dissolution of Trinity Venture Funds

In July 2007, the Company acquired 19 of the 22 limited partners' interests in Trinity Venture Fund 1 ("Fund 1") and Trinity Venture Fund 2 ("Fund 2") (together the "Funds"). The remaining 3 limited partners in the Funds constituted the non-controlling interest of TVC Holdings plc since that date.

During the year, TVC and the other limited partners in the Funds agreed to dissolve and terminate the Funds with effect from 30 September 2010 (the "Dissolution Date"). The Funds' net assets at that date, which comprised of quoted investments in Norkom Group plc, a number of unquoted investments and bank and net working capital balances, were subsequently distributed to the former limited partners.

In accordance with the Group's accounting policies, the financial statements of the Funds have been consolidated in the Group financial statements for the period up to the Dissolution Date. Immediately following the distribution of the Funds' net assets, the statement of financial position, of both the Group and the Company, included TVC's directly held interests in the above mentioned distributed financial assets and liabilities and there was no non-controlling interest in the consolidated statement of financial position from that date. In the consolidated statement of financial position at 31 March 2010, the Group's net assets included the investments and other net assets of the Funds at that date and a corresponding non-controlling interest amount was included in equity.

4 Realised loss over opening value on investments distributed to non-controlling interest

	2011	2010
	€'000	€'000
Valuation of investments at 30 September 2010	5,967	-
Valuation of investments at beginning of year	(8,779)	-
Total realised loss over opening value	(2,812)	-

The loss above of €2.812 million represents the Group's loss realised on the distribution of the non-controlling interest's shares in the Funds' investee companies following the dissolution of the Funds and mainly arose in relation to Norkom Group plc. At the beginning of the year, the Funds held 4.4 million shares in Norkom attributable to the non-controlling interest, which were valued at €6.8 million. At 30 September 2010, these shares had a value of €4.0 million and were distributed by the Funds to the external limited partners recording a loss of €2.802 million. In accordance with accounting standards, the loss of €2.802 million for the period to 30 September 2010, attributable to the non-controlling interest, is reflected in the Group's income statement for the year.

5 Available-for-sale investments

	2011	2010
	€'000	€'000
At beginning of year	9,999	10,236
Additions	24,517	-
Disposals, repayments	(19,750)	-
Amortisation of premium paid	(297)	-
Revaluation	14	(237)
At end of year	14,483	9,999

The available-for-sale investments at the end of the year represent investments in German government fixed rate Euro bonds with a maturity date in April 2011.

6 Non-controlling interest

	2011	2010
	€'000	€'000
At beginning of year	9,308	6,923
Share of (loss)/profit for the year	(2,830)	2,665
Net distributions for the year	(6,478)	(280)
At end of year	-	9,308

The non-controlling interest related to the 3 external limited partners in the Funds. As outlined in note 3, the Funds were dissolved with effect from 30 September 2010 and, accordingly, there is no non-controlling interest at 31 March 2011.

The non-controlling interest's share of loss for the year mainly relates to the loss of €2.8 million realised by the Group on the distribution to the external limited partners of their interest in Norkom Group plc shares as outlined in note 4. In March 2011, the external limited partners received total cash proceeds of €9.2 million following the acquisition of Norkom by BAE Systems plc for a value of €2.10 per share.

7 Segmental analysis

Segmental information is presented in respect of the Group's investment portfolio based on whether the investee company is quoted or unquoted. Quoted investments are further categorised as between Norkom Group plc and UTV Media plc. The Group has only one reportable geographical segment as its investments are all located in the Island of Ireland. The segmental information presented is consistent with the Group's internal analysis of its investment portfolio.

	Norkom Group plc €'000	UTV Media plc €'000	Unquoted investments €'000	Total €'000
Year to 31 March 2011				
Gross portfolio return				
Realised profits over opening value on the disposal of investments	10,889	-	603	11,492
Realised loss over opening value on investments distributed to non-controlling interest (note 4)	(2,802)	-	(10)	(2,812)
Net unrealised profits/(losses) on the revaluation of investments	-	1,284	(177)	1,107
Portfolio income	112	609	591	1,312
	8,199	1,893	1,007	11,099
Net (investment)/divestment				
Realisation proceeds (including income from loan instruments)	41,574	-	1,093	42,667
	41,574	-	1,093	42,667
Statement of financial position				
Value of investment portfolio at end of year	-	24,777	9,215	33,992
Year to 31 March 2010				
Gross portfolio return				
Net realised profits over opening value on the disposal of investments	-	-	851	851
Net unrealised profits/(losses) on the revaluation of investments	23,619	12,380	(7,284)	28,715
Portfolio income	190	408	259	857
	23,809	12,788	(6,174)	30,423
Net (investment)/divestment				
Realisation proceeds (including income from loan instruments)	-	-	866	866
New investment	-	-	(443)	(443)
	-	-	423	423
Statement of financial position				
Value of investment portfolio at end of year	37,471	23,493	11,447	72,411

8 Earnings per share

	2011	2010
Earnings per share (cent)		
Basic and diluted	11	25
Earnings (€'000)		
Profit for the year – basic and diluted	11,619	25,467
Number of shares (Number)		
Weighted average number of shares in issue – basic and diluted	101,112,579	101,112,579

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares during the year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the effect of all potentially dilutive shares and instruments, including share options. The exercise price of all share options exceeded the average price of ordinary shares during the year. Accordingly, the share options do not have a dilutive effect and are therefore excluded from the diluted earnings per share calculation.