

# **TVC Holdings plc**

## **Interim financial results for the period ended 30 September 2010**

TVC Holdings plc (“TVC” or the “Company”), the investment holding company, today (Wednesday, 10 November 2010) announces its Interim Financial Results for the 6 months ended 30 September 2010.

### Key Performance Highlights:

- Equity value per share at 30 September 2010 of €0.85 (shareholders’ equity of €85.8 million and 101.1 million shares in issue). TVC’s closing bid price on 30 September 2010 of €0.50 represents a discount of 41% when compared to equity value per share, and a discount of 65% excluding cash and government bonds.
- Net assets at 30 September 2010 of €91.8 million mainly comprised of cash at bank and government bonds of €31.5 million (34%), quoted equity investments of €49.1 million (54%) and unquoted equity investments of €11.3 million (12%). TVC has no debt.
- Successful sale of investment in APT Licensing Limited in July 2010 realising proceeds of up to €1.4 million which, when combined with the proceeds of €1.4 million 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.
- In the 6 month period ended 30 September 2010, the value of the Company’s investment portfolio decreased by €12.0 million, mainly due to the mark down of its quoted investments (€11.9 million\*) and an unrealised foreign exchange loss of €0.1 million on its unquoted portfolio, resulting in a loss before tax of €11.3 million and a 9% reduction in equity value per share.
- During the first 6 months of the year, TVC’s main focus was on optimising the value of the existing portfolio as well as positioning the business to take advantage of opportunities as they arise.

Commenting on the Interim Results, TVC Holdings’ Executive Chairman, Shane Reihill, said:

“We have continued to work actively with our core portfolio investments to maximise their value.

“TVC’s cash plus two quoted investments, Norkom and UTV, represent 88% of our net asset value at 30 September 2010. Four unquoted investments represent the remaining 12% of our net asset value at 30 September 2010.

“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 prices 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 as banks focus on problems within their trading clients.

“With cash and government bonds increased to over €31 million and no debt in the Company, 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 deliver its strategy and maximise value for all our shareholders”.

\* Norkom Group plc - reduction in value of €15.5 million to reflect the movement in its share price from €1.55 to €0.91 and UTV Media plc - increase in value of €3.6 million to reflect the movement in its share price from £1.2125 to £1.35 during the period.

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## Executive Chairman's Statement

### Overview of investment portfolio

During the 6 month period to 30 September 2010, 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 during the period to 30 September 2010.

As at 30 September 2010, TVC's investment portfolio was comprised as follows:

	Value €'000	% Investments	% Inv + Cash
Norkom Group plc	21,999	36%	24%
UTV Media plc	27,065	45%	30%
Unquoted Investments	11,333	19%	12%
<b>Total Investments</b>	<b>60,397</b>	<b>100%</b>	<b>66%</b>
Cash and Government Bonds	31,502		34%
<b>Total Investments + Cash</b>	<b>91,899</b>		<b>100%</b>

TVC's two quoted investments, Norkom Group plc and UTV Media plc, were valued based on their closing bid price on 30 September 2010. 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 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 €1.4 million. The Company received a cash consideration of €0.7 million (€0.6 million net of minority interests) including loan stock interest paid on completion, plus an additional sum is payable to the Group of up to US\$0.9 million (US\$0.7 million net) 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 period ended 30 September 2010, 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 of €1.4 million 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.

### Financial review

- The principal components of TVC's gross portfolio return for the 6 months ended 30 September 2010 were:
  - Realisations – gain of €0.4 million, most of which related to the sale of APT;
  - Revaluations – net unrealised loss of €12.0 million, comprised as follows:
    - Norkom Group plc - reduction in value of €15.5 million to reflect the movement in its share price from €1.55 to €0.91 during the period and UTV Media plc - increase in value of €3.6 million to reflect the movement in its share price from £1.2125 to £1.35 during the period,

including an unrealised foreign exchange gain of €1.1 million due to the appreciation of Sterling against the Euro; and

- Unquoted investments – reduction in value of €0.1 million relating to an unrealised foreign exchange loss due to appreciation of the Euro against the US Dollar.
  - Portfolio income – €1.2 million for the period, including dividends of €0.6 million received from UTV Media plc.
- Operating expenses for the 6 month period to 30 September 2010, excluding share-based payments expenses, were reduced to €1.2 million (2009: €1.4 million). The decrease reflects the continuing tight management of our costs in the current challenging economic conditions.
- Cash at bank and government bonds amounted to €31.5 million as at 30 September 2010 and the Group had no debt.
- As at 30 September 2010, TVC's investment portfolio was valued at €60.4 million, of which €49.1 million related to quoted investments and €11.3 million related to unquoted investments.
- TVC had net assets at 30 September 2010 of €91.8 million, mainly comprised of cash at bank and government bonds of €31.5 million (34%), quoted equity investments of €49.1 million (54%) and unquoted investments of €11.3 million (12%).

#### **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. TVC's cash plus two quoted investments represented 88% of our net asset value at 30 September 2010. Four unquoted investment represent most of the remaining 12% of our net asset value at 30 September 2010. 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 prices 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 as banks focus on problems within their trading clients. With cash and government bonds increased to over €31 million and no debt in the Company, we believe that TVC is in a strong position to deliver 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.

**Shane Reihill**  
**Executive Chairman**

**10 November 2010**

## Condensed consolidated statement of financial position

as at 30 September 2010

		Unaudited	Audited
		30 September	31 March
		2010	2010
	<i>Notes</i>	€'000	€'000
<b>Non-current assets</b>			
Investments – designated as FVTPL *			
Quoted equity investments		49,064	60,964
Unquoted equity investments		10,833	10,947
Loans and receivables		500	500
Total investment portfolio	2	60,397	72,411
Property, plant and equipment		5	8
<b>Total non-current assets</b>		<b>60,402</b>	<b>72,419</b>
<b>Current assets</b>			
Available-for-sale investments	3	9,750	9,999
Other receivables		966	3,615
Cash and cash equivalents		21,752	18,518
<b>Total current assets</b>		<b>32,468</b>	<b>32,132</b>
<b>Total assets</b>		<b>92,870</b>	<b>104,551</b>
<b>Current liabilities</b>			
Trade and other payables		(778)	(861)
Current taxation payable		(249)	(81)
<b>Total current liabilities</b>		<b>(1,027)</b>	<b>(942)</b>
<b>Net assets</b>		<b>91,843</b>	<b>103,609</b>
<b>Equity</b>			
Shareholders' capital		1,011	1,011
Share option reserve		1,497	1,391
Other reserves		1,995	1,981
Retained earnings		81,285	89,918
<b>Shareholders' equity</b>		<b>85,788</b>	<b>94,301</b>
Non-controlling interest		6,055	9,308
<b>Total equity</b>		<b>91,843</b>	<b>103,609</b>

\* Fair Value Through Profit or Loss

## Unaudited condensed consolidated income statement

for the 6 months ended 30 September 2010

	<b>6 months ended 30 September 2010 €'000</b>	6 months ended 30 September 2009 €'000
<i>Notes</i>		
Net realised profits over opening value on the disposal of investments	<b>407</b>	41
Net unrealised (losses)/profits on the revaluation of investments	<b>(11,952)</b>	22,092
	<b>(11,545)</b>	22,133
Portfolio income		
Dividends	<b>609</b>	401
Fees receivable	<b>119</b>	197
Income from loans and receivables	<b>428</b>	-
<b>Gross portfolio return</b>	<b>(10,389)</b>	22,731
Operating expenses (including share-based payment expenses of €0.106m (2009: €0.310m))	<b>(1,347)</b>	(1,680)
<b>Net portfolio return</b>	<b>(11,736)</b>	21,051
Finance income	<b>206</b>	319
Finance expense	<b>(2)</b>	(1)
Exchange movements	<b>238</b>	(231)
<b>(Loss)/profit before tax</b>	<b>(11,294)</b>	21,138
Income tax	<b>(168)</b>	(115)
<b>(Loss)/profit after tax for the financial period</b>	<b>(11,462)</b>	21,023
Attributable to:		
Equity holders	<b>(8,633)</b>	18,680
Non-controlling interest	<b>(2,829)</b>	2,343
	<b>(11,462)</b>	21,023
<b>(Loss)/earnings per share</b>		
Basic EPS (cent)	5	<b>(9)</b>
Diluted EPS (cent)	5	<b>(9)</b>

## Unaudited condensed consolidated statement of comprehensive income

for the 6 months ended 30 September 2010

	6 months ended 30 September 2010 €'000	6 months ended 30 September 2009 €'000
<b>(Loss)/profit for the period</b>	<b>(11,462)</b>	21,023
<b>Other comprehensive income</b>		
Change in fair value of available-for-sale investments	14	(106)
<b>Total comprehensive income for the period</b>	<b>(11,448)</b>	20,917
Attributable to:		
Equity holders	(8,619)	18,574
Minority interest	(2,829)	2,343
<b>Total comprehensive income for the period</b>	<b>(11,448)</b>	20,917

## Unaudited condensed consolidated statement of cash flows

for the 6 months ended 30 September 2010

	6 months ended 30 September 2010 €'000	6 months ended 30 September 2009 €'000
<b>Cash flows from operating activities</b>		
(Loss)/profit for period before tax	(11,294)	21,138
<i>Adjusted for:</i>		
Depreciation	5	27
Unrealised losses/(profits) on the revaluation of investments	11,952	(22,092)
Realised profits over opening value on the disposal of investments	(407)	(41)
Exchange movements	(238)	231
Share-based payment expenses	106	310
Income from loans and receivables	(428)	-
Finance income	(206)	(319)
Finance expense	2	1
Purchase of investments	-	(274)
Proceeds from disposal of investments	3,591	41
Decrease in other current assets	115	166
Decrease in trade and other payables	(80)	(1,186)
Tax paid	-	(155)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,118</b>	<b>(2,153)</b>
<b>Cash flows from investing activities</b>		
Purchase of available-for-sale investments	(9,979)	-
Sale of available-for-sale investments	10,000	-
Interest received	523	480
Purchase of property, plant and equipment	(2)	-
<b>Net cash inflow from investing activities</b>	<b>542</b>	<b>480</b>
<b>Cash flows from financing activities</b>		
Interest paid	(2)	(1)
Contributions from non-controlling interest	218	335
Distributions to non-controlling interest	(642)	(708)
<b>Net cash outflow from financing activities</b>	<b>(426)</b>	<b>(374)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,234</b>	<b>(2,047)</b>
Opening cash and cash equivalents	18,518	20,788
<b>Closing cash and cash equivalents</b>	<b>21,752</b>	<b>18,741</b>



## Unaudited condensed consolidated statement of changes in shareholders' equity

for the 6 months ended 30 September 2010

	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
<b>Balance at 1 April 2009</b>	<b>101,112,579</b>	<b>1,011</b>	<b>133,943</b>	<b>1,003</b>	<b>2,186</b>	<b>(69,492)</b>	<b>68,651</b>	<b>6,923</b>	<b>75,574</b>
Profit for the period	-	-	-	-	-	18,680	18,680	2,343	<b>21,023</b>
<i>Other comprehensive income</i>									
Change in fair value of available-for-sale investments	-	-	-	-	(106)	-	(106)	-	<b>(106)</b>
Total comprehensive income for the period	-	-	-	-	(106)	18,680	18,574	2,343	<b>20,917</b>
Reduction of share premium	-	-	(156,627)	-	-	156,627	-	-	-
Re-classification of reverse acquisition deficit	-	-	22,684	-	-	(22,684)	-	-	-
Net distributions to non-controlling interest	-	-	-	-	-	-	-	(373)	<b>(373)</b>
Share-based payments	-	-	-	286	24	-	310	-	<b>310</b>
<b>Balance at 30 September 2009</b>	<b>101,112,579</b>	<b>1,011</b>	<b>-</b>	<b>1,289</b>	<b>2,104</b>	<b>83,131</b>	<b>87,535</b>	<b>8,893</b>	<b>96,428</b>
Profit for the period	-	-	-	-	-	6,787	6,787	322	<b>7,109</b>
<i>Other comprehensive income</i>									
Change in fair value of available-for-sale investments	-	-	-	-	(131)	-	(131)	-	<b>(131)</b>
Total comprehensive income for the period	-	-	-	-	(131)	6,787	6,656	322	<b>6,978</b>
Net contributions from non-controlling interest	-	-	-	-	-	-	-	93	<b>93</b>
Share-based payments	-	-	-	102	8	-	110	-	<b>110</b>
<b>Balance at 31 March 2010</b>	<b>101,112,579</b>	<b>1,011</b>	<b>-</b>	<b>1,391</b>	<b>1,981</b>	<b>89,918</b>	<b>94,301</b>	<b>9,308</b>	<b>103,609</b>
Loss for the period	-	-	-	-	-	(8,633)	(8,633)	(2,829)	<b>(11,462)</b>
<i>Other comprehensive income</i>									
Change in fair value of available-for-sale investments	-	-	-	-	14	-	14	-	<b>14</b>
Total comprehensive income for the period	-	-	-	-	14	(8,633)	(8,619)	(2,829)	<b>(11,448)</b>
Net distributions to non-controlling interest	-	-	-	-	-	-	-	(424)	<b>(424)</b>
Share-based payments	-	-	-	106	-	-	106	-	<b>106</b>
<b>Balance at 30 September 2010</b>	<b>101,112,579</b>	<b>1,011</b>	<b>-</b>	<b>1,497</b>	<b>1,995</b>	<b>81,285</b>	<b>85,788</b>	<b>6,055</b>	<b>91,843</b>

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 interim financial statements

### 1 Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2010 (the “Interim Financial Statements”) comprise the financial statements of the Company and its subsidiaries (collectively the “Group”). The Interim Financial Statements were authorised for issue by the Directors on 4 November 2010.

The Interim Financial Statements are presented in Euro rounded to the nearest thousand. The Interim Financial Statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRSs) as adopted by the EU. The Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2010 as set out in the 2010 Annual Report (the “2010 Accounts”).

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 March 2010, extracts from which are included in these Interim Financial Statements, were prepared under IFRSs and will be filed with the Registrar of Companies with the Company’s 2010 annual return. The auditor’s report on those statutory financial statements was unqualified.

The financial information contained in the Interim Financial Statements has been prepared in accordance with the accounting policies applied in the 2010 Accounts. None of the new IFRSs or interpretations that are effective for the financial year ending 31 March 2011, as outlined on page 36 of the 2010 Accounts, had an impact on the Group’s reported income or net assets.

#### *Critical accounting estimates and judgements*

The preparation of the Interim Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the Group’s financial statements, are described in the accounting policies and in the portfolio valuation methodology as set out in the 2010 Accounts.

## 2 Investment portfolio

	Equity investments €'000	Loans and receivables €'000	Total €'000
<b>6 month period to 30 September 2010</b>			
At 1 April 2010	71,911	500	72,411
Disposals, repayments	(62)	-	(62)
Revaluation	(12,969)	-	(12,969)
Exchange movements	1,017	-	1,017
<b>At 30 September 2010</b>	<b>59,897</b>	<b>500</b>	<b>60,397</b>
Quoted	49,064	-	49,064
Unquoted	10,833	500	11,333

	Equity investments €'000	Loans and receivables €'000	Total €'000
<b>Year to 31 March 2010</b>			
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
<b>At 31 March 2010</b>	<b>71,911</b>	<b>500</b>	<b>72,411</b>
Quoted	60,964	-	60,964
Unquoted	10,947	500	11,447

## 3 Available-for-sale investments

	<b>6 months ended 30 September 2010 €'000</b>	Year ended 31 March 2010 €'000
At beginning of period/year	<b>9,999</b>	10,236
Additions	<b>9,853</b>	-
Disposals, repayments	<b>(9,999)</b>	-
Amortisation of premium paid	<b>(103)</b>	-
Revaluation	-	(237)
<b>At end of period/year</b>	<b>9,750</b>	9,999

The available-for-sale investments represent investments in German government fixed rate Euro bonds. The bonds held by the Company at the beginning of the period matured in April 2010 and were redeemed for cash at par. The Company re-invested €9.9 million of the proceeds in another German government fixed rate bond with a maturity date in October 2010.

#### 4 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
<b>6 month period to 30 September 2010</b>				
<b>Gross portfolio return</b>				
Net realised profits over opening value on the disposal of investments	-	-	407	407
Net unrealised profits/(losses) on the revaluation of investments	(15,472)	3,572	(52)	(11,952)
Portfolio income	60	609	487	1,156
	(15,412)	4,181	842	(10,389)
<b>Net (investment)/divestment</b>				
Realisation proceeds (including income from loan instruments)	-	-	897	897
New investment	-	-	-	-
	-	-	897	897

	Norkom Group plc €'000	UTV Media plc €'000	Unquoted investments €'000	Total €'000
<b>6 month period to 30 September 2009</b>				
<b>Gross portfolio return</b>				
Net realised profits over opening value on the disposal of investments	-	-	41	41
Net unrealised profits/(losses) on the revaluation of investments	16,366	7,705	(1,979)	22,092
Portfolio income	110	401	87	598
	16,476	8,106	(1,851)	22,731
<b>Net (investment)/divestment</b>				
Realisation proceeds (including income from loan instruments)	-	-	41	41
New investment	-	-	(274)	(274)
	-	-	(233)	(233)

	Norkom Group plc €'000	UTV Media plc €'000	Unquoted investments €'000	Total €'000
<b>Statement of financial position</b>				
<b>At 30 September 2010</b>				
Value of investment portfolio	21,999	27,065	11,333	60,397
<b>At 31 March 2010</b>				
Value of investment portfolio	37,471	23,493	11,447	72,411

## 5 (Loss)/earnings per share

	<b>6 months ended 30 September 2010</b>	6 months ended 30 September 2009
<b>(Loss)/earnings per share (cent)</b>		
Basic and diluted	<b>(9)</b>	18
<b>(Loss)/earnings (€'000)</b>		
(Loss)/profit for the period – basic and diluted	<b>(8,633)</b>	18,680
<b>Number of shares (Number)</b>		
Weighted average number of shares in issue – basic and diluted	<b>101,112,579</b>	101,112,579

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period 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 effect of share options is anti-dilutive and therefore excluded from the diluted earnings per share calculation. In the comparative period, the exercise price of all share options exceeded the average price of ordinary shares during the period. Accordingly, the share options do not have a dilutive effect and are therefore excluded from the diluted earnings per share calculation.

## 6 Subsequent events

There have been no significant events affecting the Group in the period from 30 September 2010 to the date of approval of the Interim Financial Statements.