

TVC Holdings plc

Interim financial results for the period ended 30 September 2011

TVC Holdings plc (“TVC” or the “Company”), the investment holding company, today (Wednesday, 9 November 2011) announces its Interim Financial Results for the 6 months ended 30 September 2011.

Key Performance Highlights:

- Gross portfolio return of €4.5 million in the 6 month period to 30 September 2011 (2010: loss of €10.4 million).
- Profit before tax of €3.8 million (2010: loss of €11.3 million).
- Sale of investment in OpSource, Inc. in June 2011, as part of its acquisition by Dimension Data, a wholly owned subsidiary of NTT Holdings. TVC realised total proceeds of €1.3 million which was also the gain realised over the €nil carrying value at 31 March 2011. The total proceeds represented a return of 1.3 times original cost.
- Operating expenses, excluding share-based payment expenses, of €1.08 million (2010: €1.24 million), decreased by 13%.
- Net assets at 30 September 2011 of €109.7 million mainly comprised of cash at bank and government bonds of €73.0 million (66%), quoted equity investments of €23.9 million (22%) and unquoted investments of €12.2 million (11%). TVC has no debt.
- Net assets per share at 30 September 2011 of €1.08 compared to €1.05 at 31 March 2011.
- During the first 6 months of the year, TVC’s main focus was on optimising the value of its existing portfolio of investments as well as positioning the business to take further 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. During the period, this included the sale of our investment in OpSource, Inc. realising proceeds of €1.3 million.

“The Company had net assets of €110 million and no debt at 30 September 2011. TVC’s cash plus its quoted investment in UTV represent 88% of our net asset value at 30 September 2011. Four unquoted investments represent most of the remaining 12% of our net asset value.

“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, plus the banks are continuing to focus on resolving problems within their own corporate portfolios. TVC’s management has extensive experience of complex turnaround transactions.

“With cash and government bonds increased to €73 million, we believe that TVC is in a very 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

During the 6 month period to 30 September 2011, 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 2011.

As at 30 September 2011, TVC's investment portfolio was comprised as follows:

	Value €'000	% Investments	% Investments + Cash
UTV Media plc	23,872	66%	22%
Unquoted Investments	12,197	34%	11%
Total Investments	36,069	100%	33%
Cash and Government Bonds	72,968		67%
Total Investments + Cash	109,037		100%

TVC's quoted investment in UTV Media plc was valued based on its closing bid price on 30 September 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 June 2011, TVC disposed of its interest in OpSource, Inc. as part of its acquisition by Dimension Data, a wholly owned subsidiary of NTT Holdings. The total cash proceeds payable to TVC amount to US\$1.8 million (€1.3 million) of which US\$1.6 million (€1.1 million) was received on completion of the transaction. An additional US\$0.2 million (€0.2 million) is payable subject to escrow.

The total consideration payable to TVC represents a return of 1.3 times original cost. The carrying value of TVC's investment in OpSource, Inc. at 31 March 2011 was €nil and a gain on the sale of this investment of €1.3 million was realised in the period ended 30 September 2011.

Financial review

- The principal components of TVC's gross portfolio return for the 6 months ended 30 September 2011 were:
 - Realisations – gains of €1.4 million on realisation of investments including €1.3 million relating to the sale of OpSource, Inc.;
 - Revaluations – net unrealised gain of €2.1 million, comprised as follows:
 - UTV Media plc - reduction in value of €0.9 million to reflect the movement in its share price from £1.27 to £1.20 during the period, including an unrealised foreign exchange gain of €0.4 million due to the appreciation of Sterling against the Euro; and

- Unquoted investments – increase in value of €3.0 million, including an unrealised foreign exchange gain of €0.2 million due to depreciation of the Euro against the US Dollar.
- Portfolio income – €0.94 million for the period, mainly comprising dividends of €0.88 million receivable from UTV Media plc.
- Operating expenses for the 6 month period to 30 September 2011, excluding share-based payments expenses, were reduced to €1.08 million (2010: €1.24 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 €73.0 million as at 30 September 2011 and the Group had no debt.
- As at 30 September 2011, TVC's investment portfolio was valued at €36.1 million, of which €23.9 million related to quoted investments and €12.2 million related to unquoted investments.
- TVC had net assets at 30 September 2011 of €109.7 million, mainly comprised of cash at bank and government bonds of €73.0 million (66%), quoted equity investments of €23.9 million (22%) and unquoted investments of €12.2 million (11%).

Business strategy and outlook

TVC's strategy is, in the medium term, to have a core portfolio of three to four 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 €110 million and no debt at 30 September 2011. TVC's cash plus its quoted investment in UTV Media plc represent 88% of our net asset value at 30 September 2011. Four unquoted investments represent most of the remaining 12% of our net asset value at 30 September 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, plus the banks are continuing to focus on resolving problems within their own corporate portfolios. TVC's management has extensive experience of complex turnaround transactions. With cash and government bonds increased to €73 million, we believe that TVC is in a very 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.

Shane Reihill
Executive Chairman

9 November 2011

Condensed consolidated statement of financial position

as at 30 September 2011

		Unaudited 30 September 2011 €'000	Audited 31 March 2011 €'000
	<i>Notes</i>		
Non-current assets			
Investments – designated as fair value through profit or loss			
Quoted equity investments		23,872	24,777
Unquoted equity investments		11,697	8,715
Loans and receivables		500	500
Total investment portfolio	2	36,069	33,992
Property, plant and equipment		126	130
Total non-current assets		36,195	34,122
Current assets			
Available-for-sale investments	3	14,559	14,483
Other receivables		1,380	961
Current taxation recoverable		-	76
Financial assets – bank deposits > 3 months		20,200	20,000
Cash and cash equivalents		38,209	37,529
Total current assets		74,348	73,049
Total assets		110,543	107,171
Current liabilities			
Trade and other payables		(756)	(1,131)
Current taxation payable		(92)	-
Total current liabilities		(848)	(1,131)
Net assets		109,695	106,040
Equity			
Shareholders' capital		1,011	1,011
Share option reserve		26	1,497
Other reserves	7	-	1,995
Retained earnings		108,658	101,537
Total equity		109,695	106,040

Unaudited condensed consolidated income statement

for the 6 months ended 30 September 2011

	Notes	6 months ended 30 September 2011			6 months ended 30 September 2010		
		Equity shareholders €'000	Non- controlling interest €'000	Total €'000	Equity shareholders €'000	Non- controlling interest €'000	Total €'000
Realised profits over opening value on the disposal of investments	4	1,440	-	1,440	332	75	407
Net unrealised profits/(losses) on the revaluation of investments		2,077	-	2,077	(9,140)	(2,812)	(11,952)
		3,517	-	3,517	(8,808)	(2,737)	(11,545)
Portfolio income							
Dividends		883	-	883	609	-	609
Fees receivable		55	-	55	110	9	119
Income from loans and receivables		-	-	-	350	78	428
Gross portfolio return		4,455	-	4,455	(7,739)	(2,650)	(10,389)
Operating expenses, net (including share-based payment expenses of €0.026m (2010: €0.106m))		(1,103)	-	(1,103)	(1,124)	(223)	(1,347)
Net portfolio return		3,352	-	3,352	(8,863)	(2,873)	(11,736)
Finance income		434	-	434	206	-	206
Finance expense		-	-	-	(2)	-	(2)
Exchange movements		10	-	10	194	44	238
Profit/(loss) before tax		3,796	-	3,796	(8,465)	(2,829)	(11,294)
Income tax		(167)	-	(167)	(168)	-	(168)
Profit/(loss) after tax for the financial period		3,629	-	3,629	(8,633)	(2,829)	(11,462)
Earnings/(loss) per share							
Basic EPS (cent)	8	4	-	4	(9)	-	(9)
Diluted EPS (cent)	8	4	-	4	(9)	-	(9)

Unaudited condensed consolidated statement of comprehensive income

for the 6 months ended 30 September 2011

	6 months ended 30 September 2011			6 months ended 30 September 2010		
	Equity shareholders €'000	Non- controlling interest €'000	Total €'000	Equity shareholders €'000	Non- controlling interest €'000	Total €'000
Profit/(loss) for the period	3,629	-	3,629	(8,633)	(2,829)	(11,462)
Other comprehensive income						
Change in fair value of available- for-sale investments	-	-	-	14	-	14
Total comprehensive income for the period	3,629	-	3,629	(8,619)	(2,829)	(11,448)

Unaudited condensed consolidated statement of cash flows

for the 6 months ended 30 September 2011

	6 months ended 30 September 2011 €'000	6 months ended 30 September 2010 €'000
Cash flows from operating activities		
Profit/(loss) for period before tax	3,796	(11,294)
<i>Adjusted for:</i>		
Depreciation	16	5
Net unrealised (profits)/losses on the revaluation of investments	(2,077)	11,952
Realised profits over opening value on the disposal of investments	(1,440)	(407)
Exchange movements	(10)	(238)
Share-based payment expenses	26	106
Income from loans and receivables	-	(428)
Finance income	(434)	(206)
Finance expense	-	2
Proceeds from disposal of investments	1,354	3,591
(Increase)/decrease in other current assets	(296)	115
Decrease in trade and other payables	(375)	(80)
Net cash inflow from operating activities	560	3,118
Cash flows from investing activities		
Purchase of available-for-sale investments	(14,727)	(9,979)
Redemption of available-for-sale investments	14,479	10,000
Increase in financial assets – bank deposits > 3 months	(200)	-
Interest received	580	523
Purchase of property, plant and equipment	(12)	(2)
Net cash inflow from investing activities	120	542
Cash flows from financing activities		
Interest paid	-	(2)
Contributions from non-controlling interest	-	218
Distributions to non-controlling interest	-	(642)
Net cash outflow from financing activities	-	(426)
Net increase in cash and cash equivalents	680	3,234
Opening cash and cash equivalents	37,529	18,518
Closing cash and cash equivalents	38,209	21,752

Unaudited condensed consolidated statement of changes in shareholders' equity

for the 6 months ended 30 September 2011

	No. of shares	Ordinary shares €'000	Share option reserve €'000	Other reserves €'000	Retained earnings €'000	Shareholders' equity €'000	Non- controlling interest €'000	Total €'000
Balance at 1 April 2010	101,112,579	1,011	1,391	1,981	89,918	94,301	9,308	103,609
Loss for the period	-	-	-	-	(8,633)	(8,633)	(2,829)	(11,462)
<i>Other comprehensive income</i>								
Change in fair value of available- for-sale investments	-	-	-	14	-	14	-	14
Total comprehensive income for the period	-	-	-	14	(8,633)	(8,619)	(2,829)	(11,448)
Net distributions to non- controlling interest	-	-	-	-	-	-	(424)	(424)
Share-based payments	-	-	106	-	-	106	-	106
Balance at 30 September 2010	101,112,579	1,011	1,497	1,995	81,285	85,788	6,055	91,843
Profit/(loss) for the period	-	-	-	-	20,252	20,252	(1)	20,251
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	20,252	20,252	(1)	20,251
Net distributions to non- controlling interest	-	-	-	-	-	-	(6,054)	(6,054)
Balance at 31 March 2011	101,112,579	1,011	1,497	1,995	101,537	106,040	-	106,040
Profit for the period	-	-	-	-	3,629	3,629	-	3,629
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,629	3,629	-	3,629
Share-based payments	-	-	26	-	-	26	-	26
Release from share-based payments reserves	-	-	(1,497)	(1,995)	3,492	-	-	-
Balance at 30 September 2011	101,112,579	1,011	26	-	108,658	109,695	-	109,695

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 2011 (the “Interim Financial Statements”) comprise the Company and its subsidiaries (together referred to as the “Group”).

The Interim Financial Statements have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’, 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 2011 as set out in the 2011 Annual Report (the “2011 Accounts”).

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 March 2011, extracts from which are included in these Interim Financial Statements, were prepared under IFRSs as adopted by the EU and will be filed with the Registrar of Companies with the Company’s 2011 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 2011 Accounts. None of the new IFRSs or interpretations that are effective for the financial year ending 31 March 2012, as outlined on page 37 of the 2011 Accounts, had an impact on the Group’s reported income or net assets.

The Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of both the parent company and its subsidiaries.

The Interim Financial Statements were authorised for issue by the Directors on 8 November 2011.

Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2011 Accounts.

2 Investment portfolio

	Equity investments €'000	Loans and receivables €'000	Total €'000
6 month period to 30 September 2011			
At 1 April 2011	33,492	500	33,992
Revaluation	1,462	-	1,462
Exchange movements	615	-	615
At 30 September 2011	35,569	500	36,069
Quoted	23,872	-	23,872
Unquoted	11,697	500	12,197
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	(5,967)	-	(5,967)
Realised loss on investments distributed to non-controlling interest	(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

During the year ended 31 March 2011, it was agreed to dissolve and terminate Trinity Venture Fund 1 and Trinity Venture Fund 2 (together the "Funds") with effect from 30 September 2010. The Funds' net assets at that date were subsequently distributed to TVC and the external limited partners, which represented the non-controlling interest in the Group.

3 Available-for-sale investments

	6 months ended 30 September 2011 €'000	Year ended 31 March 2011 €'000
At beginning of period/year	14,483	9,999
Additions	14,727	24,517
Disposals, repayments	(14,479)	(19,750)
Amortisation of premium paid	(172)	(297)
Revaluation	-	14
At end of period/year	14,559	14,483

The available-for-sale investments at the end of the period represent investments in German government fixed rate Euro bonds with a maturity date in October 2011 (31 March 2011: maturity date in April 2011).

4 Realised profits over opening value on the disposal of investments

	6 months ended 30 September 2011 €'000	6 months ended 30 September 2010 €'000
Net proceeds	1,440	469
Valuation of disposed investments at beginning of period	-	(62)
Total realised profits over opening value	1,440	407

The profit realised during the period ended 30 September 2011 primarily arose on the disposal of the Company's investment in OpSource, Inc., which was sold for proceeds of €1.28 million and had a nil carrying value at the date of disposal.

5 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 in the period ended 30 September 2010 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.

	UTV Media plc €'000	Unquoted investments €'000	Total €'000
6 month period to 30 September 2011			
Gross portfolio return			
Realised profits over opening value on the disposal of investments	-	1,440	1,440
Net unrealised profits/(losses) on the revaluation of investments	(905)	2,982	2,077
Portfolio income	883	55	938
	(22)	4,477	4,455
Net (investment)/divestment			
Realisation proceeds (including income from loan instruments)	-	1,440	1,440
New investment	-	-	-
	-	1,440	1,440

	Norkom Group plc €'000	UTV Media plc €'000	Unquoted investments €'000	Total €'000
6 month period to 30 September 2010				
Gross portfolio return				
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)
Net (investment)/divestment				
Realisation proceeds (including income from loan instruments)	-	-	897	897
New investment	-	-	-	-
	-	-	897	897

	UTV Media plc €'000	Unquoted investments €'000	Total €'000
Statement of financial position			
At 30 September 2011			
Value of investment portfolio	23,872	12,197	36,069
At 31 March 2011			
Value of investment portfolio	24,777	9,215	33,992

6 Share-based compensation

The Company operates an equity-settled share option plan under which it grants share options to certain employees and executive directors. Options are exercisable between the third and tenth anniversaries of the date of grant to the extent that a performance target has been met over a performance period of three years from the date of grant.

On 28 June 2011, 4,360,481 fully-vested options, which were granted at the time of the Company's IPO in July 2007, with an exercise price of €1.875, were cancelled. The share option reserve of €1,497,000 relating to the cancelled options was transferred to retained earnings during the period ended 30 September 2011.

On 28 June 2011, 1,787,870 share options were granted. These options vest subject to a performance condition, measured over a three-year performance period, relating to average annual percentage growth in net asset value per share ('NAV') relative to the average annual percentage change in the Irish Consumer Price Index ('CPI'), determined as follows:

	<u>NAV growth required</u>	<u>% vesting</u>
Minimum vesting	CPI + 3%	25%
Maximum vesting	CPI + 7%	100%

For NAV growth between the minimum and maximum vesting levels, the grant vests on a pro-rata basis.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The fair value of the options granted in June 2011 was €0.17. This fair value was estimated as of the date of the grant based on the Black-Scholes option-pricing model and using the following assumptions:

Weighted average share price	€0.77
Weighted average exercise price	€0.77
Expected life	5 years
Expected volatility	19%
Expected dividend yield	0%
Risk-free rate	2.267%

The Company determined expected volatility by using the Company's historic share price volatility over the three-year period preceding the date of grant. The risk-free interest rate assumption was based upon the average yield on German Government bonds with maturities equivalent to the expected term of the share options.

Details of share options outstanding during the period are as follows:

	2011	2011	2010	2010
	Number of	Weighted average	Number of	Weighted average
	share options	exercise price	share options	exercise price
		(cent)		(cent)
Outstanding at 1 April	4,360,481	1.875	5,118,826	1.875
Granted during the period	1,789,870	0.77	-	-
Cancelled during the period	(4,360,481)	1.875	-	-
Outstanding at 30 September	1,789,870	0.77	5,118,826	1.875
Exercisable at 30 September	-	-	-	-

No options were exercised during the current or prior period. The Company recognised an expense of €26,000 relating to share options during the period ended 30 September 2011 (2010: €106,000).

7 Other reserves

	6 months ended 30 September 2011 €'000	Year ended 31 March 2011 €'000
At beginning of period/year	1,995	1,995
Transfer to retained earnings	(1,995)	-
At end of period/year	-	1,995

The other reserves were comprised of a share-based payments reserve relating to ordinary shares in the Company that were issued to certain of the Group's key executives in July 2007. Further details in relation to these shares are outlined on page 52 of the Group's 2011 Annual Report. The shares were subject to a two to three year vesting period which ended on 31 December 2009. As the shares are fully vested, the share-based payment reserve has been transferred to retained earnings.

8 Earnings/(loss) per share

	6 months ended 30 September 2011	6 months ended 30 September 2010
Earnings/(loss) per share (cent)		
Basic and diluted	4	(9)
Earnings/(loss) (€'000)		
Profit/(loss) for the period – basic and diluted	3,629	(8,633)
Number of shares (Number)		
Weighted average number of shares in issue – basic and diluted	101,112,579	101,112,579

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

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) 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 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. In the comparative period, the effect of share options is anti-dilutive and therefore excluded from the diluted earnings per share calculation.

9 Subsequent events

There have been no significant events affecting the Group in the period from 30 September 2011 to the date of approval of the Interim Financial Statements.