

TVC Holdings plc

Preliminary financial results for the year ended 31 March 2013

TVC Holdings plc (“TVC” or the “Company”), the investment holding company, today (Thursday, 9 May 2013) announces its Preliminary Financial Results for the year ended 31 March 2013.

Key Performance Highlights:

- Gross portfolio return of €9.3 million (22% of opening portfolio value) in the year to 31 March 2013 driven by a realised gain on disposal of an investment and an increase in value of the remaining investment portfolio.
- Profit before tax for the year of €6.6 million.
- 6% increase in net asset value (NAV) per share from €1.14 at 31 March 2012 to €1.21 at 31 March 2013 contributing to compound annual growth in NAV per share of 15.5% in the four years to 31 March 2013.
- Cash and government bonds increased by 9.5% during the year from €72.6 million to €79.5 million at 31 March 2013. TVC has no debt.
- Sale of investment in The TAS Group in August 2012. TVC received cash proceeds of US\$9.2 million (€7.4 million) and realised a gain on the sale of this investment of €3.9 million in the year ended 31 March 2013. The sale proceeds represented a return of 2.1 times the valuation of its investment at 31 March 2012.
- Operating expenses, excluding a charge of €0.67 million for restructuring costs, decreased by over 15% to €2.06 million (2012: €2.44 million).
- Proposed special dividend of 49.5 cent per ordinary share to return €50 million of surplus capital to shareholders. In addition, shareholder consent to be sought to provide for the flexibility to implement on-market share buy backs up to a maximum of 20 per cent of the issued share capital of the Company.

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

“We are pleased to report another year of strong performance at TVC. Against a backdrop of continued economic uncertainty, for the fourth consecutive year the Company’s NAV per share has grown, driven by the sale of our investment in The TAS Group, realising proceeds of €7.4 million, and unrealised value growth in our investment portfolio. During the year, we evaluated a number of potential new investment opportunities but chose not to complete any new investments.

“Since March 2011, TVC’s cash and government bonds have increased by almost €50 million to €80 million at 31 March 2013 as a result of the sale of Norkom and a number of our unquoted technology investments. In light of the very limited number of investment opportunities during this period and after considering a range of strategic and financial options to enhance shareholder value, the Board has decided, subject to shareholder approval, to return the €50 million of cash generated by TVC to our shareholders.

“On a pro-forma basis, after adjusting for the payment of the proposed special dividend, TVC’s net assets at 31 March 2013 would be €72 million mainly comprised of the investment in UTV valued at €32m; three unquoted investments valued at €11m; and cash of €29m. We believe that our selective investment approach is the correct strategy. TVC will continue to look for value enhancing investments and to manage its existing portfolio in order to maximise value for all our shareholders”.

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Executive Chairman's Statement

Performance for year and overview of investment portfolio

During the year ended 31 March 2013, despite continuing difficult macroeconomic conditions and a subdued M&A market, the Group continued to deliver a strong performance through working with our portfolio companies to maximise value and tight management of our costs. The Group achieved a gross portfolio return of €9.3 million for the year comprised of a realised gain on disposal of an investment of €3.9 million, an increase of €3.9 million in the value of the Group's remaining investment portfolio and portfolio income of €1.5 million.

There were no new investments made during the year and we disposed of one unquoted investment. Prior to year end, we undertook some further restructuring of our cost base in light of the reduction in the size of our investment portfolio and in order to reduce our operating costs to be in line with our income.

As at 31 March 2013, TVC's investment portfolio was comprised as follows:

	Value €'000	% Investments	% Investments + Cash
UTV Media plc	31,601	74%	26%
Unquoted Investments	10,935	26%	9%
Total Investments	42,536	100%	35%
Cash & Government Bonds	79,512		65%
Total Investments + Cash	122,048		100%

TVC's quoted investment in UTV Media plc was valued based on its closing bid price of £1.55 on 31 March 2013. The unquoted investments were valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines and the Group's accounting policies.

As at the reporting date, TVC had cash and government bonds of €79.5 million and no bank debt.

Realisations

In August 2012, TVC disposed of its interest in The TAS Group. The entire consideration was paid in cash and TVC received proceeds of US\$9.2 million (€7.4 million) on completion of the transaction. The consideration received by TVC represented a return of 2.1 times the valuation of its investment at 31 March 2012. A gain on the sale of this investment of €3.9 million was realised in the year ended 31 March 2013.

In March 2013, Intel Corporation (INTC) agreed to acquire AePONA. On completion of the transaction in April 2013, TVC received proceeds of US\$1.0 million (€0.7 million). An unrealised gain of €0.7 million is included in the Company's financial statements for the year ended 31 March 2013 as, at that date, the investment in AePONA was valued at €0.7 million being the amount of the anticipated sale proceeds. The carrying value of TVC's investment in AePONA at 31 March 2012 was €nil.

Net asset value (“NAV”) per share

The Company’s net assets per share of €1.21 at 31 March 2013 increased by 6% over the year from 31 March 2012 (€1.14). The movement in the NAV per share during the year ended 31 March 2013 was as follows:

	€’000	€’000	Cent per share
Net asset value at 31 March 2012		115,186	113.9
Realised gains on disposal of unquoted investments		3,909	3.9
Unrealised gains on investments			
- UTV Media plc	1,727		
- Unquoted investments	<u>2,190</u>	3,917	3.9
Net costs (excl. share based payment expenses)		(1,112)	(1.1)
Net asset value at 31 March 2013		121,900	120.6

Special Dividend and Share Buy Back

In recent months, the Board has considered a range of strategic and financial options to enhance shareholder value. The Board, in consultation with its advisers, reviewed a number of factors including:

- The Group’s current cash position;
- The level of capital expected to be required to fund new investment opportunities and to support the Company’s existing portfolio of investments;
- The Company’s projected investment income and operating costs; and
- The Company’s market capitalisation which continues to trade at a substantial discount to its net asset value.

Following this review and after careful consideration and consultation with its advisers, the Board unanimously determined that it would be in the best interests of the Company and its shareholders as a whole to return €50 million of surplus capital to shareholders in the form of a special dividend and, in addition, to provide for the flexibility to implement on-market share buy backs up to a maximum of 20 per cent of the issued share capital of the Company. The Board believes that a return of capital would represent the most effective use of those shareholder funds. The Company’s remaining cash balance of €29 million will be used to invest in existing portfolio companies should the opportunity arise; to fund value enhancing new investments; and to engage in opportunistic share buy backs.

Consequently, subject to shareholder approval at the Company’s AGM to be held in June 2013, the Board is recommending a special dividend of 49.5 cent per ordinary share to be paid on 25 September 2013 to shareholders on the register on 13 September 2013.

Having the authority to repurchase its shares will enable the Company to respond to volatile stock market conditions, help stimulate liquidity in the Company’s shares and provide shareholders with the flexibility, but without any compulsion, to realise value in respect of all or some of their shareholdings. Share buy backs will only be executed when appropriate financial and stock market conditions prevail and when the Board determines that they are in the interests of the Company and its shareholders as a whole. The Company will not be able to repurchase shares during a Close Period, as defined by the AIM and ESM Rules.

The ability of the Company to repurchase its shares will be conditional upon shareholder approval of various resolutions and the granting of a waiver by the Irish Takeover Panel of obligations for certain parties under Rule 37 of the Irish Takeover Rules. A circular containing further details on the proposed buy back authorities and convening an extraordinary general meeting of the Company, to be held on the day of the Company's next annual general meeting in June 2013, will be posted to shareholders with the 2013 Annual Report.

Business strategy and outlook

Since March 2011, TVC's cash and government bonds have increased by almost €50 million to €80 million at 31 March 2013 as a result of the sale of Norkom and a number of our unquoted technology investments. In light of the very limited number of investment opportunities during this period and after considering a range of strategic and financial options to enhance shareholder value, the Board has decided, subject to shareholder approval, to return the €50 million of cash generated by TVC to our shareholders.

On a pro-forma basis, after adjusting for the payment of the proposed special dividend, TVC's net assets at 31 March 2013 would be €72 million mainly comprised of the investment in UTV valued at €32m; three unquoted investments valued at €11m; and cash of €29m. We believe that our selective investment approach is the correct strategy. TVC will continue to look for value enhancing investments and to manage its existing portfolio in order to maximise value for all our shareholders.

Board, management and staff

We were pleased to welcome David Doyle who joined the Board in September 2012. Rory Quirke resigned from the Board on 8 May 2013. On behalf of the Board, I would like to thank Rory for his valuable contribution to TVC and to wish him well in his future career.

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

9 May 2013

Condensed consolidated statement of financial position

as at 31 March 2013

	<i>Notes</i>	2013 €'000	2012 €'000
Non-current assets			
Investments designated as fair value through profit or loss			
Quoted equity investments		31,601	29,874
Unquoted equity investments		8,935	11,736
Loans and receivables		2,000	500
Total investment portfolio	2	42,536	42,110
Property, plant and equipment		99	125
Total non-current assets		42,635	42,235
Current assets			
Available-for-sale investments	3	14,511	14,513
Other receivables		1,129	1,407
Cash and cash equivalents		65,001	58,111
Total current assets		80,641	74,031
Total assets		123,276	116,266
Current liabilities			
Trade and other payables		(1,366)	(1,045)
Current taxation payable		(10)	(35)
Total current liabilities		(1,376)	(1,080)
Net assets		121,900	115,186
Equity			
Shareholders' capital		1,011	1,011
Share option reserve		175	77
Retained earnings		120,714	114,098
Total equity		121,900	115,186

Condensed consolidated income statement

for the year ended 31 March 2013

	<i>Notes</i>	2013	2012
		€'000	€'000
Realised profits over opening value on the disposal of investments		3,909	1,460
Unrealised profits on the revaluation of investments		3,917	8,118
		7,826	9,578
Portfolio income			
Dividends		1,367	883
Fees receivable		95	260
Gross portfolio return		9,288	10,721
Operating expenses (including restructuring costs of €0.67m (2012: €nil))		(2,731)	(2,438)
Net portfolio return		6,557	8,283
Finance income		332	885
Exchange movements		(273)	20
Profit before tax		6,616	9,188
Income tax		-	(119)
Profit after tax for the financial year		6,616	9,069
Earnings per share			
Basic EPS (cent)	5	6.5	9.0
Diluted EPS (cent)	5	6.5	9.0

Condensed consolidated statement of comprehensive income

for the year ended 31 March 2013

	2013	2012
	€'000	€'000
Profit for the year	6,616	9,069
Other comprehensive income	-	-
Total comprehensive income for the year	6,616	9,069

Condensed consolidated statement of cash flows

for the year ended 31 March 2013

	2013	2012
	€'000	€'000
Cash flows from operating activities		
Profit for year before tax	6,616	9,188
<i>Adjusted for:</i>		
Depreciation	40	36
Unrealised profits on the revaluation of investments	(3,917)	(8,118)
Realised profits over opening value on the disposal of investments	(3,909)	(1,460)
Exchange movements	273	(20)
Share-based payment expenses	98	77
Finance income	(332)	(885)
Proceeds from disposal of investments	7,577	1,373
Increase in other current assets	(43)	(175)
Increase/(decrease) in trade and other payables	323	(83)
Tax paid	(27)	(9)
Net cash inflow/(outflow) from operating activities	6,699	(76)
Cash flows from investing activities		
Purchase of available-for-sale investments	(29,504)	(29,490)
Proceeds on maturity of available-for-sale investments	28,950	29,026
Decrease in financial assets - bank deposits > 3 months	-	20,000
Interest received	1,009	1,153
Purchase of property, plant and equipment	(14)	(31)
Net cash inflow from investing activities	441	20,658
Net increase in cash and cash equivalents	7,140	20,582
Opening cash and cash equivalents	58,111	37,529
Effect of exchange rate fluctuations	(250)	-
Closing cash and cash equivalents	65,001	58,111

Condensed consolidated statement of changes in shareholders' equity

for the year ended 31 March 2013

	Ordinary Shares No.	Ordinary shares €'000	Share option reserve €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
Balance at 1 April 2011	101,112,579	1,011	1,497	1,995	101,537	106,040
Profit for the year	-	-	-	-	9,069	9,069
Total comprehensive income for the year	-	-	-	-	9,069	9,069
Share-based payments	-	-	77	-	-	77
Release from share-based payments reserves	-	-	(1,497)	(1,995)	3,492	-
Balance at 31 March 2012	101,112,579	1,011	77	-	114,098	115,186
Profit for the year	-	-	-	-	6,616	6,616
Total comprehensive income for the year	-	-	-	-	6,616	6,616
Share-based payments	-	-	98	-	-	98
Balance at 31 March 2013	101,112,579	1,011	175	-	120,714	121,900

Notes to the condensed consolidated preliminary financial information

1 Basis of preparation

The condensed consolidated preliminary financial information of the Company for the year ended 31 March 2013 comprises of the Company and its subsidiaries (together referred to as the “Group”).

The financial information included in this preliminary financial results announcement, which should be read in conjunction with the 2012 Annual Report, has been prepared on a consistent basis and using the same accounting policies as those applied in the prior year, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and effective at 31 March 2013. Full details of the Group’s accounting policies will be included in the 2013 Annual Report. None of the new IFRSs or interpretations that are effective for the financial year ended 31 March 2013 had an impact on the Group’s reported income or net assets.

The 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 2012 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 2013 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.

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 2012.

2 Investment portfolio

	Equity investments €'000	Loans and receivables €'000	Total €'000
Year to 31 March 2013			
At 1 April 2012	41,610	500	42,110
Revaluation	6,325	1,500	7,825
Disposals	(7,400)	-	(7,400)
Exchange movements	1	-	1
At 31 March 2013	40,536	2,000	42,536
Quoted	31,601	-	31,601
Unquoted	8,935	2,000	10,935
Year to 31 March 2012			
At 1 April 2011	33,492	500	33,992
Revaluation	6,556	-	6,556
Disposals	-	-	-
Exchange movements	1,562	-	1,562
At 31 March 2012	41,610	500	42,110
Quoted	29,874	-	29,874
Unquoted	11,736	500	12,236

3 Available-for-sale investments

	2013 €'000	2012 €'000
At beginning of year	14,513	14,483
Additions	29,504	29,490
Disposals, repayments	(28,950)	(29,026)
Amortisation of premium paid	(556)	(434)
At end of year	14,511	14,513

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 2013 (2012: April 2012).

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. 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
Year to 31 March 2013			
Gross portfolio return			
Realised profits over opening value on the disposal of investments	-	3,909	3,909
Unrealised profits on the revaluation of investments	1,727	2,190	3,917
Portfolio income	1,367	95	1,462
	3,094	6,194	9,288
Net (investment)/divestment			
Realisation proceeds	-	7,400	7,400
	-	7,400	7,400
Statement of financial position			
Value of investment portfolio at end of year	31,601	10,935	42,536
Year to 31 March 2012			
Gross portfolio return			
Realised profits over opening value on the disposal of investments	-	1,460	1,460
Unrealised profits on the revaluation of investments	5,097	3,021	8,118
Portfolio income	883	260	1,143
	5,980	4,741	10,721
Net (investment)/divestment			
Realisation proceeds	-	1,460	1,460
	-	1,460	1,460
Statement of financial position			
Value of investment portfolio at end of year	29,874	12,236	42,110

5 Earnings per share

	2013	2012
Basic earnings per share (cent)	6.5	9.0
Diluted earnings per share (cent)	6.5	9.0
Earnings (€'000)		
Profit for the year	6,616	9,069
Number of shares (Number)		
Weighted average number of shares in issue	101,112,579	101,112,579
Number of dilutive shares under options	1,324,156	-
Weighted average number of shares including dilutive share options	102,436,735	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. In the prior year, the exercise price of all share options exceeded the average price of ordinary shares during the year and the share options were therefore excluded from the diluted earnings per share calculation.

6 Dividend

	2013	2012
	€'000	€'000
Proposed for approval at AGM:		
Equity dividend on ordinary shares:		
Final dividend of 49.5 cent per ordinary share (2012: nil)	50,051	-

Subject to shareholders' approval at the Annual General Meeting, the dividend will be paid on 25 September 2013 to shareholders on the register on 13 September 2013. In accordance with IFRS this dividend has not been provided for in the Consolidated Statement of Financial Position as at 31 March 2013.