

TSV Holdings Limited
Chairman's Address to the Annual General Meeting
24th November 2009

On behalf of the Directors I have pleasure in welcoming shareholders to the annual general meeting of TSV Holdings.

As a director and fellow shareholder I am disappointed with the results in financial year 2009 and for the year ahead as a company we are focussed on improvement in both consistency and quality of earnings and returns to shareholders. In May the directors asked me to assume the role of executive chairman on a temporary basis in order to initiate immediate changes to improve our performance. Overhead expenses have now been reduced by approximately \$900,000 on an annualised basis. The salaries for Directors and Executives have been voluntarily reduced by 5% effective from last May reflecting the commitment to performance improvement and the current economic conditions. There have been a number of strategic changes to our operations and a renewed focus on profitable growth.

The company's website (www.tsvholdings.com.au) has been updated to reflect the latest changes within the group and improve the communications with our shareholders and customers. Improvements will continue through the year.

The Directors have confidence in the management changes we have made and the Company's ability to increase earnings per share and shareholder value based on our intellectual property and strategic positioning of the Tecsound and Austco divisions.

Revenue from continuing operations declined by 1.2% to \$47.217 million, reflecting the decline in demand due to the global financial crisis and reduced industrial activity in our markets. Net operating profit after tax (NPAT) declined to \$0.805 million excluding non cash impairment charges of \$9.75 million

Operating expenses have increased by 2.6% over the prior corresponding period with positive cash-flows. Our focus for the year ahead is to improve gross profit margins and our ability to leverage our intellectual property and national and international operations for profitable growth.

Our balance sheet to 30 June has bank debt of \$2.55 million with cash at bank of \$4.449 million. Net bank debt reduced to \$2.55 million from \$3.048 million. Net bank debt to shareholder funds has improved from 9.5% to 8.0%. I am pleased to report that banking facilities with the Australian and New Zealand Banking Group have been extended in duration. Management have also reduced our current liabilities by 24% to \$8.717 million. Total net assets (total assets less total liabilities) are \$26.547 million or 28.4 cents per share.

Operations

TSV Holdings serves the communications and health care industry markets both within Australia and internationally. In the last year 76% of our direct sales were Australian based and 24% was internationally sourced predominantly from New Zealand, Asia, UK, and North America.

The business activities of the company continue in three core areas:

Austco Healthcare Manufacturing and International Division, a world leader in the highly specialised field of electronic communications in health care and secure accommodation

Calltec health sales installation and service divisions are leaders in the provision of electronics communications solutions for healthcare, life and safety products and emergency warning and intercommunications systems. Major clients include national hospitals and aged care facilities.

Tecsound installation and service divisions are leaders in the provision of electronics communications solutions and emergency warning and intercommunications systems for Quick Service Restaurants (QSR), retail outlets and clients in mining, transport and logistics. Major clients include Quick Service Restaurants such as McDonalds, Hungry Jacks & KFC.

Outlook & Summary

Our target is to return the business to earnings of 3 cents per share over the next 18 months based on the current operations of the company, and to improve our consistency and ability to deliver shareholder value. We are expecting that the net profit after tax half year results to 30 December 2009 will be in the range of \$0.7 to \$0.9 million which is an improvement on the full year result last financial year. We continue to see improvements in market conditions for our products and services.

We are mindful that the current environment for companies within our market capitalization offers opportunities for both growth and divestment. The unsolicited proposal we received to acquire our Austco division was below the director's assessment of market value for the business and has been rejected. The directors will look at all opportunities to create shareholder value.

We have continued to invest in our products and technologies within Austco to extend our product range in aged care, hospitals and managed care. We have strengthened our balance sheet to support our ability to deliver improvements in shareholder value as the Australian and international economy improves.

The corporate governance practices at TSV Holdings comply with the ASX Corporate Governance Principles and Recommendations. Our compliance with these and also details of our Remuneration Report are contained in the annual report and the directors and Auditors are present to answer any questions by shareholders during the AGM today.

On behalf of the Directors I wish to thank the management team and all employees for their hard work and commitment during the year. Their dedication and contributions have delivered this result in difficult market conditions. I also thank our customers and shareholders for their continuing support for TSV Holdings and subsidiaries Tecsound and Austco.

Bruce E Higgins
Chairman of Directors

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