



**TSV HOLDINGS LIMITED**

**A.B.N. 67 108 208 760**

**APPENDIX 4E  
PRELIMINARY FINAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2009**

(Previous corresponding period: year ended 30 June 2008)

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## Appendix 4E – Full year report

### Results for Announcement to the Market

	%	30 June 2009	30 June 2008
	Change Up/(down)	\$'000	\$'000
Revenue from ordinary activities	(1.9%)	46,888	47,814
Interest income	45.5%	(80)	(55)
<b>Revenue from ordinary activities excluding interest income</b>	(2.0%)	46,808	47,759
Operating expenses	2.6%	(44,530)	(43,422)
Non operating expenses impairment of research & development		(3,921)	-
Non operating expenses impairment of goodwill		(6,950)	-
<b>Earnings before Interest, tax, depreciation and amortisation (EBITDA)</b>	(298.1%)	(8,593)	4,337
Depreciation and amortisation expenses	29.3%	(1,093)	(845)
<b>Earnings before interest and tax (EBIT)</b>	(377.4%)	(9,686)	3,492
Net Interest income / (expense)	194.0%	(244)	(83)
<b>(Loss)/Profit before income tax expense</b>	(391.3%)	(9,930)	3,409
Income tax expense	(200.6%)	1,066	(1,060)
<b>Net (loss)/profit after income tax expense</b>	(477.4%)	(8,864)	2,349
Net profit attributable to outside equity interest	(56.2%)	(81)	(185)
<b>Net (loss)/profit after income tax expense attributable to TSV Holdings Ltd shareholders</b>	(513.4%)	(8,945)	2,164
Net tangible assets per security	132.6%	11.33 cents	9.99 cents
Basic earnings per share	(316.4%)	-9.59 cents	2.32 cents
Diluted earnings per share	(316.1%)	-9.59 cents	2.24 cents

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Dear Shareholders,

The Directors are pleased to release the preliminary company results for the year ending 30 June 2009.

The company has experienced difficult trading conditions during the year due to the impact of the global financial crisis on our clients. This has resulted in reduced demand for our products, increased provisions for bad debts and high volatility in exchange rates for purchases of imported goods.

Revenue from continuing operations declined by 1.9% to \$46.888 million, reflecting the decline in demand due to the global financial crisis and reduced industrial activity in our markets.

Net profit after tax (NPAT) declined by 513.4% to -\$8.945 million (loss), giving an overall operating result for the group of earnings of -9.59 cents per share. This loss includes a non cash net non-operating impairment loss of \$9.75 million as included in these accounts and our half year results to 31 December 2008.

Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were -\$8.593 million, while earnings before interest and tax (EBIT) was -\$9.686 million.

#### **TSV Group**

	<b>30 June 2009</b>	<b>30 June 2008</b>
<b>Revenue</b>	<b>\$46.888m</b>	<b>\$47.814m</b>
<b>EBITDA</b>	<b>-\$8.593m</b>	<b>\$4.337m</b>
<b>NPAT</b>	<b>-\$8.945m</b>	<b>\$2.164m</b>

Operating expenses have increased by 2.6% over the prior corresponding period. The company had net positive cashflows of \$1.56 million during the year.

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 sales growth.

Our balance sheet has bank debt of \$2.55 million with cash at bank of \$4.112 million. Cash holdings are higher than our target range due to the five international locations and five local branch office limiting the efficiency of treasury functions. 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%.

Banking facilities with the Australian and New Zealand Banking Group have been extended in duration. Management has reduced our current liabilities by 21% to \$8.538 million. Total net assets (total assets less total liabilities) are \$26.548 million or 28.4 cents per share.

#### **Operations Overview**

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.

Overall trading conditions have deteriorated during the year due to the world economic crisis with most economies with which we trade falling into recession. This impacted all businesses with orders being renegotiated, delayed or cancelled due to the business uncertainty caused by the current debt and liquidity issues within the banking system. In our half year report the directors noted this uncertainty and the potential risk to our full year result. Management have addressed the sales and operational challenges during the year to exploit our counter cyclical product portfolio to deliver information and communication solutions to the Healthcare and QSR (Quick Service Restaurants) markets. During the year we experienced a mild reduction in revenue due to delays in larger projects. Potential risks to our business include variations in health care expenditure, debtors risk and foreign exchange volatility and competitive pressure on margins.

The business activities of the company are 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 delivers a core of leading technology solutions for nurse call and care management systems for the hospital, aged care and dementia care markets and a suite of complimentary products that deliver improved patient care. Austco has an installed base of over 4,200 systems across 52 countries.

The Austco Healthcare business export growth was below our expectations due to the deterioration in capital expenditure during FY09 by major clients. We now expect this business to return to its previous strong growth over the next year based on the current exchange rates, expected improvement in business conditions, and improved focus on sales and marketing activities.

Austco has supplied and delivered of over 70,000 nurse call points into hundreds of hospitals and aged care facilities around the world over the past year. A selection of international projects are listed below to indicate the depth and international presence of our company;

St Mary's Hospital, Dublin , Ireland, 500 beds  
The Royal Hospital, Chelsea, UK, 300 beds  
Frimley Park Hospital, Surrey UK, 210 beds  
Jane Mander Retirement Village, Whangarei, New Zealand 400 residents  
Jean Sandel and Evelyn Page Retirement Villages, New Zealand, 550 residents  
Medical City in New Delhi India, 1600 beds  
KTP Hospital, Singapore, 550 beds.  
Repatriation Hospital, Adelaide Australia, 300 beds  
Greenline Hospital, Brazil, 140 beds  
San Luis Potosi Hospital, Mexico, 90 beds

**Calltec health care 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.

Tecsound and Calltec divisions have been restructured into the one operating entity although

they still trade under the separate names. We expect to experience greater competition over the coming year in our QSR markets due to new market entrants targeting market share through discounting. Overall these businesses are well positioned to benefit from the expected growth in economic activity assisted by government taxation investment incentives.

We expect both Austco and Tecsound divisions to deliver returns consistent with our leadership position in our sectors as the broader economy improves.

### **Acquisitions**

In June we acquired the minority interest of Austco Marketing and Service (UK) a majority owned subsidiary healthcare and hospital communication company which is a European leader in the design, supply, installation and service of specialist hospital and healthcare products that caters for the growing hospital and aged care markets.

TSV Holdings Limited previously held 80 percent of Austco UK through its wholly owned Australian subsidiary Austco Communications Systems Pty Ltd. On 30 June 2009 we acquired the remaining 20% to become a wholly owned entity. Management has identified the UK as a substantial and fast growing retirement region with a growing hospital and aged care market and this transaction supports TSV's ability to capitalise on that anticipated growth and expand its business as a Global Healthcare provider.

### **Non-Operating impairment loss**

The company during the year reviewed the goodwill and other intangible assets associated with each operating entity within our group. The company at the half year conducted a review of the total \$26.89 million of intangible assets as of 31 December and the company made a one off, non-operating and non cash transaction to impair \$6.95 million of Goodwill and \$3.92 million of Research & Development intangibles reducing our total intangible assets to \$15.97 million. The effect of this one-off non operating impairment loss of \$10.87 million and tax adjustment associated with the research and development write-off of \$1.12 million, coupled with our operating profit of \$0.805 million has realised a total loss for the year of \$8.945 million.

The reasons for the lower valuations and reductions to the carrying value of our goodwill and capitalised Research & Development are;

- Potential impact on the linkage between historic and future growth rates because of the world financial crisis.
- A substantial increase in the presumed risk premium from 30 June 2008 in valuing our existing intangible assets.

### **Investment in Research and Development**

We have invested \$1.082 million in research and development to improve our competitive advantages primarily in the development of the third generation health care communications systems that offer a high degree of integration with information technology systems with the health care providers. This investment is targeted toward our aged care and hospital markets and offers our clients improvements in service quality and lower costs. As a result our ability to deliver integrated solutions for our customers has been improved through this investment and supported by our additional investment in people and facilities.

**R&D and amortisation expenditure  
(Summary of Movements)**

	2009 (\$'000)	2008(\$'000)
Depreciation and amortisation – plant & Equipment	720	659
Amortisation (development and software)	373	156
R&D Capitalised	480	760
R&D Expensed	602	427

**Dividend**

The directors have determined that a final dividend will not be paid this year, due to the expenditure on acquisitions during the year as noted above, investment in research and development and the opportunity to retain cash to take advantage of strategic M&A opportunities. While this is disappointing the interim we believe that this approach will deliver a better outcome for shareholders in the medium term.

**Outlook**

The significant economic slow down within our markets continues to offer challenges to deliver growth until we see improvements within the Australian economy. 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 mindful that the current environment for companies within our market capitalisation offers opportunities for both growth and divestment. The directors will look at all opportunities to create shareholder value.

We have continued to invest in our products and technologies with 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 markets in which TSV operates continue to be competitive and our core strategy to maintain and extend our leadership through the quality and value of the products and services we deliver remains our priority.

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.

For and on behalf of the Directors



Bruce Higgins  
Chairman

Appendix 4E  
Preliminary Final Report

**TSV Holdings Limited**  
**(ABN 67 108 208 760)**  
**Year Ended 30 June 2009**

**Results for Announcement to the Market**

Current Reporting Period: Year Ended 30 June 2009  
Previous Reporting Period: Year Ended 30 June 2008

				\$'000
<b>Revenues from Ordinary Activities</b>	down	1.9%	to	\$46,888
<b>(Loss)/Profit from Ordinary Activities After Tax Attributable to Members</b>	down	513.3%	to	-\$8,945
<b>Net (loss)/profit for the period attributable to members</b>	down	513.3%	to	-\$8,945

<b>Dividends (distributions)</b>	<b>Amount per Security</b>	<b>Franked Amount per Security</b>
Final dividend	Nil	N/A
Previous corresponding period	Nil	N/A
Record date for determining entitlements to the dividends	N/A	
Payment date of declared dividend	N/A	

**Commentary:**

Net loss after income tax for the year ended 30 June 2009 was \$8.95 million compared to the previous period profit of \$2.16 million.

Basic earnings per share was (9.59) cents per share (2008: 2.32) and on a diluted basis was (9.59) cents per share (2008: 2.24).

Net tangible assets for the period ended 30 June 2009 was 11.33 cents per share compared to 9.99 cents per share for the previous year.

**TSV HOLDINGS LIMITED**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	Economic Entity	
		2009 \$'000	2008 \$'000
Revenues from continuing activities	2	46,888	47,814
Cost of sales (excluding direct labour)	3	-29,556	-30,900
Employee benefits expense	3	-9,943	-7,373
Motor vehicle expenses		-280	-640
Occupancy expenses		-946	-828
Advertising expenses		-32	-41
Accounting audit and legal expenses		-318	-393
Telephone expenses		-364	-327
Other expenses		-3,091	-2,926
Share of net profit of associates			6
Depreciation expenses	3	-720	-713
Amortisation expense	3	-373	-132
Borrowing costs expense	3	-324	-138
Impairment write downs		-10,871	-
(Loss)/Profit before income tax expense		-9,930	3,409
Income tax expense		1,066	-1,060
Net (Loss)/Profit after income tax expense		-8,864	2,349
(Loss)/Profit is attributable to:			
Equity holders of TSV Holdings Limited		-8,945	2,164
Minority interest		81	185
		-8,864	2,349
		Cents	Cents
Basic earnings/(loss) per share	8	-9.59	2.32
Diluted earnings/(loss) per share	8	-9.59	2.24

The accompanying notes form part of these financial statements.

**TSV HOLDINGS LIMITED  
 CONSOLIDATED BALANCE SHEET  
 AS AT 30 JUNE 2009**

	Notes	Economic Entity	
		2009 \$'000	2008 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	4	4,112	3,231
Trade and Other Receivables		10,650	11,231
Inventories		4,580	4,055
Other Assets		302	189
Other Financial Assets		-	92
<b>Total Current Assets</b>		<b>19,644</b>	<b>18,798</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment		2,404	2,492
Deferred Tax Assets		547	673
Intangible Assets		15,971	26,478
<b>Total Non-Current Assets</b>		<b>18,922</b>	<b>29,643</b>
<b>Total Assets</b>		<b>38,566</b>	<b>48,441</b>
<b>Current Liabilities</b>			
Trade and Other Payables		6,350	5,629
Short Term Borrowings		475	4,114
Current Tax Liabilities		202	-
Provisions		1,395	1,071
Other Financial Liabilities		116	-
<b>Total Current Liabilities</b>		<b>8,538</b>	<b>10,814</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings		3,198	203
Deferred tax liabilities		283	1,427
Provisions		-	273
<b>Total Non-Current Liabilities</b>		<b>3,481</b>	<b>1,903</b>
<b>Total Liabilities</b>		<b>12,019</b>	<b>12,717</b>
<b>NET ASSETS</b>		<b>26,547</b>	<b>35,724</b>
<b>Equity</b>			
Issued Capital	5	31,833	31,798
Retained Earnings/(Accumulated losses)		-5,024	3,921
Reserves		-262	-252
Parent Equity Interest		26,547	35,467
Minority Interest		-	257
<b>Total Equity</b>		<b>26,547</b>	<b>35,724</b>

The accompanying notes form part of these financial statements.

**TSV HOLDINGS LIMITED  
 CONSOLIDATED STATEMENT OF  
 CHANGES IN EQUITY FOR THE  
 YEAR ENDED 30 JUNE 2009**

	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Minority Interest \$'000	Total Equity \$'000
Balance at 1 July 2007	31,770	3,342	-140	311	35,283
Issue of shares	28				28
Dividends paid		-1,585		-50	-1,635
Exchange difference arising on translation of foreign operations			-112		-112
Profit attributable to members of the parent		2,164			2,164
Profit attributable to minority shareholders				185	185
Minority interests acquired during the period				-189	-189
Balance at 30 June 2008	31,798	3,921	-252	257	35,724
Balance at 1 July 2008	31,798	3,921	-252	257	35,724
Share based payments	35				35
Exchange difference arising on translation of foreign operations			-10		-10
Profit attributable to minority shareholder				81	81
Minority interests acquired during the period				-338	-338
Loss attributable to TSV Holdings Ltd shareholders		-8,945			-8,945
Balance at 30 June 2009	31,833	-5,024	-262	0	26,547

The accompanying notes form part of these financial statements.

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**TSV HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW**  
**STATEMENT FOR THE YEAR ENDED 30**  
**JUNE 2009**

Notes	Economic Entity	
	2009 \$'000	2008 \$'000
<b>Cash Flows From Operating Activities</b>		
Receipts from Customers	52,668	49,106
Payments to suppliers and employees	-47,064	-46,390
Interest Received	80	55
Borrowing Costs	-524	-138
Income Tax Paid	-2,027	-1,540
<b>Net cash provided by (used in) operating activities</b>	<b>3,133</b>	<b>1,093</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property, plant & equipment		318
Payments for acquisition of plant and equipment	-1241	-690
Payments for intellectual property (capitalised R&D)	-	-905
Payments for acquisition of businesses net of cash	-265	-1,714
<b>Net cash (used in) investing activities</b>	<b>-1506</b>	<b>-2991</b>
<b>Cash Flows From Financing Activities</b>		
Net cash flows from issue of shares	-	28
Proceeds from borrowings	800	-
Repayment of borrowings	-1,050	-
Dividend paid by parent entity		-1,585
Dividend paid to minority interest		-50
Payment of lease liabilities		-259
<b>Net cash (used in) financing activities</b>	<b>-250</b>	<b>-1,866</b>
<b>Net Increase (Decrease) in cash held</b>	<b>1,377</b>	<b>-3,764</b>
Cash at beginning of the period	183	4,060
Effects of exchange rate changes in cash	-	-113
<b>Cash and Cash Equivalents at 30 June</b>	<b>1,560</b>	<b>183</b>

The accompanying notes form part of these financial statements.

**TSV HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**Note 1. Summary of Significant Accounting Policies**

This preliminary final report for the year ended 30 June 2009 has been prepared in accordance with Australian equivalents to International Reporting Standards (AIFRSs), the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

This financial report does not include notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 30 June 2008 and any other public announcements made by TSV Holdings Limited (the Company) during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year. Comparatives for the year ended 30 June 2008 have been reclassified where necessary for consistency with current year disclosures.

**Note 2. Revenue**

	Notes	Economic Entity	
		2009 \$'000	2008 \$'000
<b>Operating Activities</b>			
- Installation Income		23,739	18,422
- Service Income		5,715	4,741
- Wholesale Income		17,354	24,453
- Interest Received		80	55
Total Revenue		<u>46,888</u>	<u>47,671</u>
<b>Non-Operating Activities</b>			
- Profit on disposal of business units		-	143
		<u>46,888</u>	<u>47,814</u>

**Note 3. Expenses from Ordinary Activities**

Cost of Sales		29,556	30,900
Finance Costs:			
- other persons		324	138
Depreciation and amortization expense		1,093	845
Foreign currency translation losses	10	68	
Bad and doubtful debts:			
- trade receivables		312	9
Share based payments		35	
Total employee benefits expense		9,943	11,846

**TSV HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009**

**Note 4. Cash and Cash Equivalents**

	Economic Entity	
	2009	2008
	\$'000	\$'000
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash	4,112	3,231
Bank overdraft	-	-248
Less:		
Short Term Borrowings	-	-
Fully Drawn Advance	-2,550	-2,800
	<b>1,562</b>	<b>183</b>

**Note 5. Issued Capital**

	As at 30-Jun-09	
	No.	\$'000
Ordinary fully paid shares		
At the beginning of the reporting period	93,350,955	31,798
Share based payments	-	35
Balance at the end of the reporting period	93,350,955	31,833

**Note 6. Dividends**

The Directors recommend a final fully franked dividend of Nil

**Note 7. Net Tangible Assets**

	Economic Entity	
	2009	2008
	\$'000	\$'000
Net Tangible Assets	10,577	9,246
Shares	93,350,955	93,350,955
Net Tangible Assets (cents)	11.33	9.99

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**Note 8. Earnings per Share**

	Economic Entity	
	2009	2008
Basic loss per share (cents)	-9.59	2.32
Diluted loss per share (cents)	-9.59	2.24
	\$'000	\$'000
a) Net (loss)/profit used in the calculation of basic and diluted profit per share	-8,945	2,164
	No.	No.
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic profit per share	93,350,955	93,301,594
c) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	93,350,955	96,747,736

**Note 9. Significant Features of Operating Performance**

(a) Financial performance

Net loss after income tax for the year ended 30 June 2009 was \$8.945 million. Revenue from sales activities was \$46.88 million.

(b) Financial position

Total assets for the year ended 30 June 2009 were \$38.57 million whilst total liabilities were \$12.80 million. The net assets for the year totaled \$26.55 million.

(c) Cash flows

Cash and deposits at call for the Company as at 30 June 2009 were \$4.11 million offsetting a fully drawn advance of \$2.55 million and giving a net cash position of \$1.56 million as at 30 June 2009.

**Note 10. Events Subsequent to Reporting Date**

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

**Note 11. Audit**

These accounts are currently in the process of being audited. An Annual Report containing the audit report shall be provided in due course.

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