

11th February 2009

ASX & Media Release

Profit guidance and impairment valuations

In accordance with Listing Rule 3.1, continuous disclosure requirements, TSV Holdings Limited (ASX:TSH) wishes to advise the market of the impact of impairment valuations and its underlying profit to 31 December 2008. The company has traded profitably over the past 6 months and has positive cashflow.

Operating profit

TSV Holdings is expecting an underlying operating Net Profit After Tax (NPAT) of approximately \$1.1 million (subject to the completion of audit activities that are expected to be completed by 27 February) for the 6 months ended 31 December 2008 against a previous full year NPAT of \$2.16 million.

Non-operating impairment loss

With the continuing volatility and uncertainty of global markets, the Company has undertaken a total company review of its intangible assets within all operating divisions. The Company currently has intangibles of \$27.19 million on the balance sheet as at 31 December 2008 based on previously acquired business entities. As a consequence of this review, the Company has determined that as a one off, non-operating, non-cash transaction, it should impair \$6.95 million of goodwill and \$4.35 million of research & development intangibles reducing the total intangible assets to \$15.89 million. The combined operating profit of approximately \$1.1 million and non-operating impairment loss of (\$11.3) million is expected to realise a total loss for the 6 months ended 31 December 2008 of approximately (\$10.2) million.

The reasons for the lower valuation and reduction to carrying values of goodwill and capitalised research & development are;

- World economic uncertainty potentially impacting future growth rates which have historically been achieved by the company.
- A substantial increase in the assumed risk premium from 30 June 2008 whilst valuing the existing intangible assets.

The Directors note that the extent of the current impairment writedown can in part be linked to the Austco acquisition at 31 December 2006 which created goodwill in excess of that anticipated by the Directors at the time of the acquisition. This was due to accounting standards requiring the accounted for purchase price to reflect the share price at the transaction date of 63.5 cents, as against the share price at the agreement date of 45.9 cents issued to the vendors. This added approximately \$4 million to the value of the shares issued for the acquisition and consequently the value of goodwill. The strong economic conditions post the acquisition supported the additional goodwill however due to current economic uncertainty and potential impacts on the Group's business, the above impairment writedowns, including the additional \$4 million, are considered appropriate.

As reported in the Appendix 4C dated 28 January the Company had positive cashflow of \$1.019 million for the 6 months ended 31 December 2008. Notwithstanding this positive cashflow and underlying operating net profit for the half year expected to be approximately \$1.1 million, the Company under Australian Corporations law will be unable to pay a dividend this financial year. The Directors are of the view that dividends will resume in the next financial year.



Unit 21, 35 Dunlop Road
Mulgrave Australia 3150
ABN 67 108 208 760

t +61 3 8562-7555
f +61 3 8562-7550
www.tsvholdings.com.au

TSV Holdings Limited is expected to announce the half year results to 31 December 2008 by February 27. Within these results we will clearly identify the half year operating results including the impact from goodwill and research & development impairment.

For further details contact:

Robert Grey, Chief Executive Officer
TSV Holdings Limited
Tel: (61 3) 8562-7555

Jason D'Arcy, Company Secretary
TSV Holdings Limited
Tel: (61 3) 8562-7555

About TSV Holdings Limited (ASXCode – TSH):

TSV Holdings Limited is a public company listed on the Australian Stock Exchange (Code: TSH) with annual revenues exceeding A\$45 million. The Company is an Australian owned and operated diversified communications specialist providing design, manufacture, distribution and maintenance for growing markets that include health and aged care, remand care, retail and government sectors. TSV Holdings services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For more information please visit the Company's website at: www.tsvholdings.com.au

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