TSV Holdings Limited

ACN: 108 208 760

Prospectus to raise A$6,000,000 by the issue of 30,000,000 Shares at A$0.20 per Share

Underwriter and Broker to the Issue: Lodge Partners Pty Limited

This Prospectus is important and requires your immediate attention. It should be read in its entirety. If you do not understand any part of this Prospectus, or you are in doubt as to how to deal with it, you should consult your accountant, stockbroker, solicitor or other professional adviser.

CORPORATE DIRECTORY

DIRECTORS

MR. DAVID CARTER
Chairman

MR. HILARY EVANS
Managing Director

MR. DAVID LIGHTFOOT
Director

COMPANY SECRETARY

MR. JASON D'ARCY

REGISTERED OFFICE

TSV Holdings Limited
ACN 108 208 760
Unit 18
137-145 Rooks Road
Vermont VIC 3133

UNDERWRITER & BROKER TO THE ISSUE

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Level 3
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Melbourne VIC 3000

Level 2
2 Bligh Street
Sydney NSW 2000

AUDITORS & INDEPENDENTACCOUNTANT

PKF Chartered Accountants
Level 11
485 LaTrobe Street
Melbourne VIC 3000

SOLICITORS

Middletons Lawyers
Level 29
200 Queen Street
Melbourne VIC 3000

INDEPENDENT EXPERT

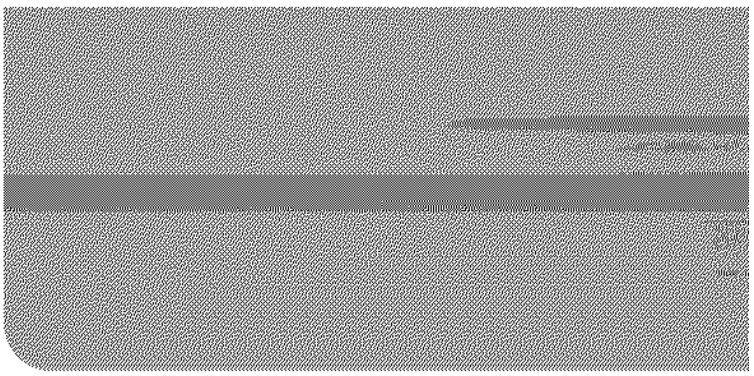
PKF Corporate Advisory Services (Vic) Pty Ltd
Level 11
485 LaTrobe Street
Melbourne VIC 3000

FINANCIAL ADVISER

Tooronga Corporate Finance Pty Limited
Level 50
101 Collins Street
Melbourne VIC 3000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
425 Johnston Street
Abbotsford VIC 3067



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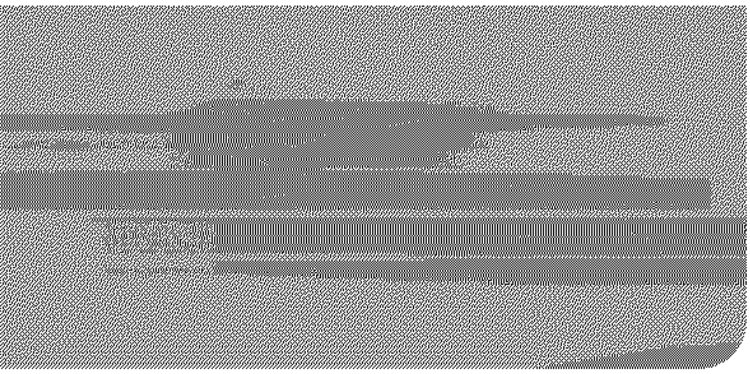


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1. MESSAGE FROM THE CHAIRMAN

Dear Investor,

I have great pleasure in inviting you to become a shareholder in TSV Holdings Limited.

TSV Holdings is acquiring the Tecsound business in Victoria and New South Wales. These businesses are established electronics communications operations specializing in the import, distribution, installation and maintenance of technology, sound and vision system infrastructure.

The TSV business has rapidly grown to become a leading national provider of retail communications systems to significant companies including Coles Myer, Woolworths, McDonalds, Burger King, Gandel Shopping Centres and V-Line. This capital raising will allow TSV Holdings to acquire the Tecsound Victoria and NSW operations and fund continued national development and expansion.

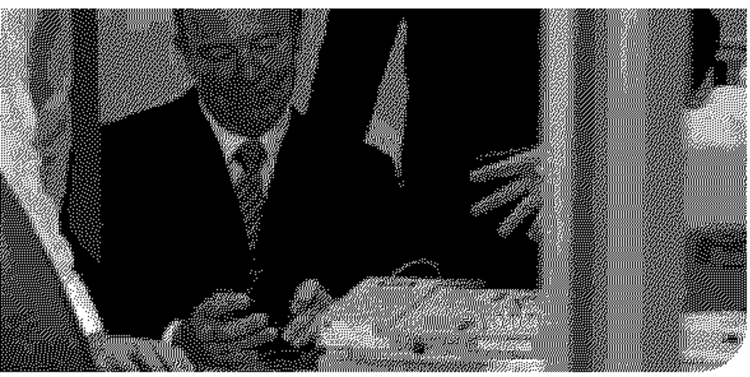
This Prospectus offers 30 million Shares at an Issue Price of $0.20 per share payable in full upon application. At the Issue Price of $0.20 per share, TSV Holdings will have a market capitalization of $10 million, a solid dividend yield, strong growth opportunities and no significant debt.

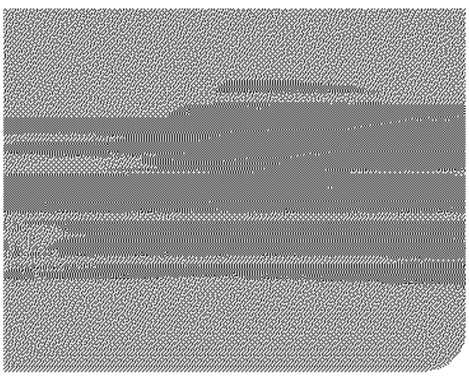
You should read the prospectus in its entirety, including the business risks set out in Section 11, before making an investment decision.

Together with my fellow directors, I look forward to your support and participation as a shareholder, and thoroughly commend the offer to you.

Yours sincerely

David Carter
Chairman





KEY DATES

The key dates** with respect to the Offer are as follows:

LODGEMENT WITH ASIC AND ASX	18 AUGUST 2004
EXPECTED OPENING DATE	26 AUGUST 2004
EXPECTED CLOSING DATE	14 SEPTEMBER 2004
EXPECTED DATE FOR ALLOTMENT OF SHARES	21 SEPTEMBER 2004
EXPECTED DATE FOR SHAREHOLDING STATEMENTS TO BE DESPATCHED	21 SEPTEMBER 2004
EXPECTED DATE FOR COMPLETION OF THE ACQUISITIONS	21 SEPTEMBER 2004
EXPECTED DATE FOR QUOTATION OF THE SHARES	23 SEPTEMBER 2004

** Please note that these dates are indicative only as TSV Holdings, in consultation with the Underwriter, may alter these dates at its discretion without prior notice. Applicants are therefore encouraged to submit their Applications as soon as possible.

IMPORTANT NOTICES

This Prospectus is dated 18 August 2004.

A copy of this Prospectus was lodged with ASIC on 18 August 2004. Neither ASIC nor ASX or any of their officers, take any responsibility for the contents of this Prospectus. No applications for Shares will be accepted nor will any Shares be issued on the basis of this Prospectus later than thirteen months after the date of this Prospectus.

The Corporations Act prohibits the acceptance of Applications during the period of 7 days after lodgment of this Prospectus (which period may be extended by ASIC to 14 days). This period is referred to as the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the opening of the Offer. Applications received during the Exposure Period will not be accepted until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period. This Prospectus will be made generally available during the Exposure Period at http://www.tsvholdings.com.au and http://www.lodgepartners.com.au.

Investors can only apply for Shares using the Application form attached to this Prospectus. The Application form included in the Prospectus must not be handed on to any member of the public unless attached to this Prospectus.

DISCLAIMER

The Offer does not take into account the investment objectives, financial situation and particular needs of individual investors. It is important that investors read this Prospectus in its entirety before deciding to invest in the Company and, in particular, in considering the prospects for the Company, that they consider the risk factors that could affect the performance of the Company. Investors should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional guidance from their stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest. Some risk factors that investors should consider are outlined in Section 11.

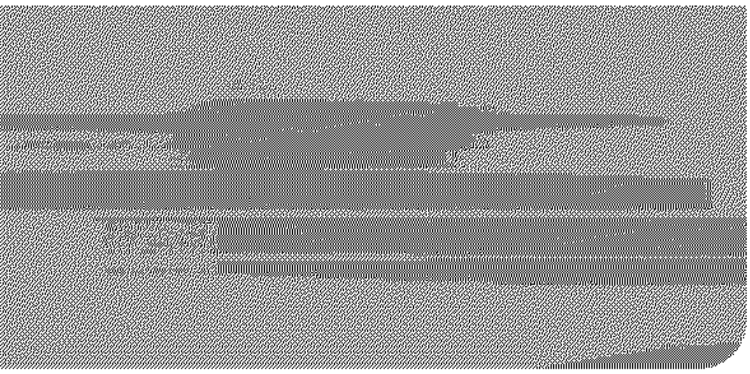
No person is authorised to give any information or to make any representation in connection with the issue of the Shares described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Issue.

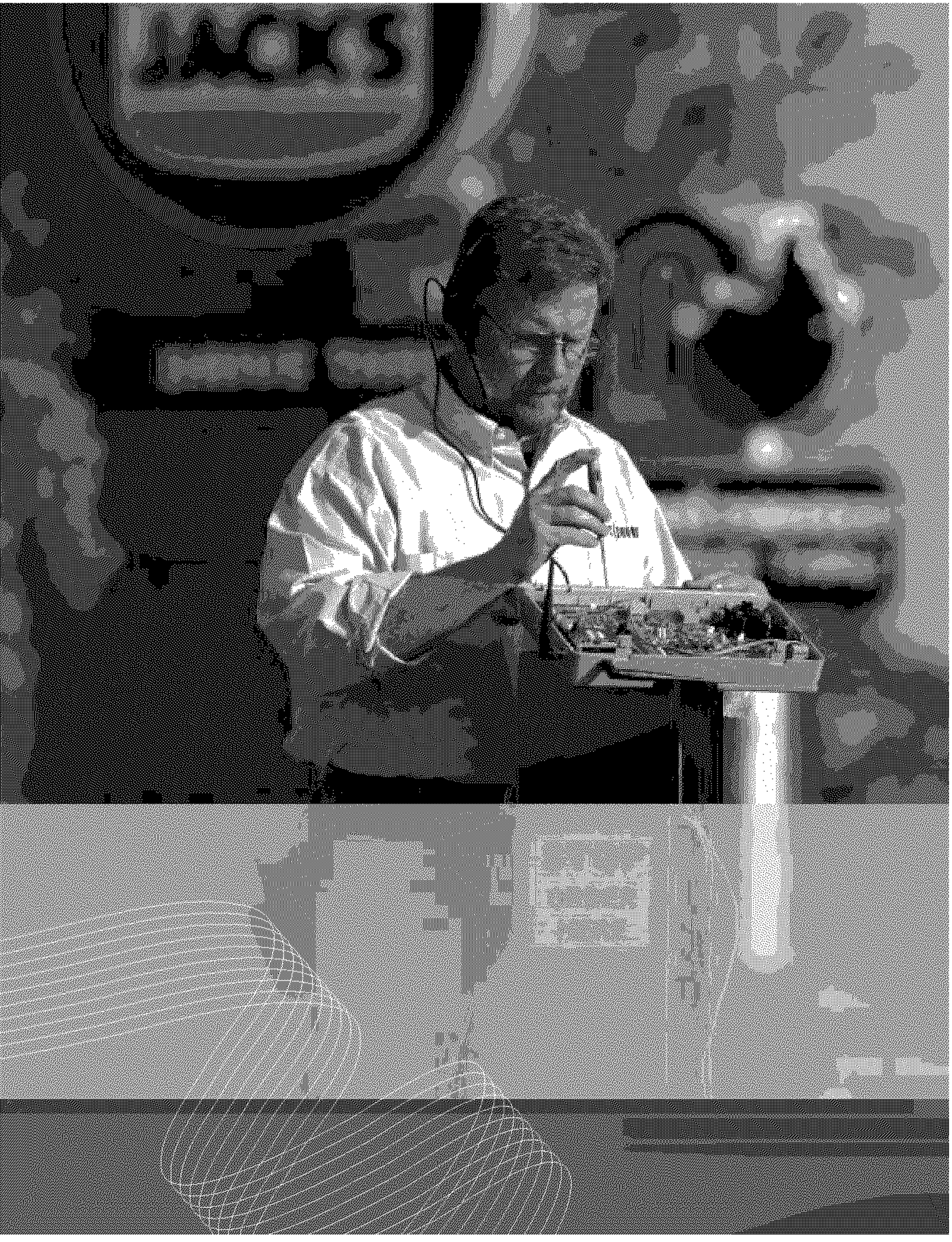
Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objective of the Company will be achieved or that any particular performance of the Company or of its Shares, including those offered by this Prospectus, will be achieved.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any other country.

IF YOU HAVE ANY QUESTIONS

If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares, you should consult an accountant, solicitor or other professional advisor for assistance. Further, any person seeking to invest in the Company should read the Prospectus in its entirety before lodging an Application for Shares.





2. INVESTMENT HIGHLIGHTS

Please note, investors should also read the Risk Factors outlined in section 11 of this Prospectus before deciding to invest in Shares. The following is only a summary of key investment features of investing in TSV Holdings.

2.1 THE COMPANY

OVERVIEW

TSV Holdings has recently been established to acquire the businesses known as Tecsound Vic and Tecsound NSW and to consolidate their operations. These businesses are now branded as TSV in reference to the "Technology, Sound & Vision" product offering. TSV Group is an established supplier, distributor and systems integrator of electronics communications equipment, audio visual equipment and electronic security products. TSV expects to continue to grow through organic business development and through the acquisition of synergistic businesses.

BLUE CHIP CLIENT BASE

The majority of TSV's revenue is derived from a strong client base that comprises some of Australia's best-known companies and major brands. Major clients include Coles Myer, Woolworths, Federal Airports Corporation, Gandel Shopping Centres, Lend Lease, V-Line Rail Network, McDonalds, Hungry Jacks, KFC, Red Rooster and Burger King. These major organizations have a growing demand for innovative electronic systems to meet prompt service and non-invasive security requirements.

KEY PRODUCTS

TSV imports and distributes a number of key electronic communications products for retailers including the HME quick service restaurant ("QSR") drive through system. This system is used by major fast food chains.

COMPETITIVE ADVANTAGES

The Directors believe that TSV has strong competitive advantages in its industry including:

- A solid reputation among existing and potential customers including a number of exclusive or preferred customer relationships;
- Excellent supplier relationships including some exclusive agreements to import and distribute a number of key industry products into Australia;
- Established national distribution structure and capability;
- The provision of high quality service on a timely basis;
- Demonstrated innovation in system design and products; and
- Strong management with extensive industry experience and success.

BARRIERS TO ENTRY

Barriers to entry to the electronic communications distribution and service industry include:

- Access to products that are of high quality and have strong brand names. This can be further strengthened by exclusive distribution agreements, which can effectively shut out new entrants (at least for the term of the agreement);
- Established relationships with key customers;
- Established sales and distribution network;
- The time and cost of developing and retaining experienced and well trained management, technical service personnel and sales force; and
- Financing growth of business operations as stock and debtors accumulate.

OPPORTUNITIES FOR GROWTH

TSV has grown consolidated revenues at an average rate of over 50% per annum for the last three financial years. TSV operates in a growing industry, providing TSV with the opportunity to expand through increasing the range of product offered and the development of new clients. Acquisition opportunities involving compatible specialist businesses may further accelerate TSV's growth.

COMMON INFORMATION TECHNOLOGY PLATFORMS

The TSV Victorian and NSW operations already use common accounting, inventory and order software IT platforms allowing a seamless consolidation of their operations. National product serial number tracking is used to provide an added value customer service in the maintenance of each product sold.

BOARD AND MANAGEMENT

The Board and management of TSV provide a balance of technical skill and corporate expertise. Please see section 6 for more detail.

PRICING

Based on the 30 June 2005 forecast net profit after tax of $1.104 million (pre goodwill amortisation) and a market capitalisation of $10 million at the Issue Price, the Offer is priced on a price to earnings multiple of 9.06 times.

KEY FINANCIAL INFORMATION

The consolidated historical and forecast financial information of the TSV Group is summarized in the table below. Investors should note that past performance is not necessarily an indicator of future performance.

TSV HOLDINGS FINANCIAL PERFORMANCE SUMMARY

	Year ended 30 June 2002 actual	Year ended 30 June 2003 actual	Year ended 30 June 2004 actual (3 months unaudited)	Year ending 30 June 2005 forecast
	$'000	$'000	$'000	$'000
Revenue from ordinary activities	$2,659	$4,122	$6,064	$8,528
EBITA	$229	$724	$897	$1,389
NPAT	$165	$497	$600	$927
NPAT pre goodwill amortization				$1,104
Earnings per Share				1.85 cents
Earnings per Share – pre goodwill amortization				2.21 cents
Price/earnings ratio				10.79 times
Price/earnings ratio – pre goodwill amortization				9.06 times
EV/EBITA multiple [Note 1]				5.11 times
Dividend per Share				1.20 cents
Franking				100%

Note 1: TSV's enterprise value of $7,096,045, is calculated as market capitalization at the Issue Price ($10 million) plus interest bearing debt ($199,941) less cash ($3,103,896).

TSV Holdings was incorporated on 2 March 2004 for the specific purpose of acquiring all of the share capital of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd. The full year consolidated forecast of financial performance has been prepared for the year ending 30 June 2005.

The consolidated historical statements of financial performance have been prepared as if TSV Holdings had owned Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd for each of the full 12 month periods, since 1 July 2001, to assist investors to assess the forecast consolidated financial performance of TSV.

2.2 DIVIDEND POLICY

TSV Holdings intends to pay fully franked dividends on a half yearly basis at an initial annual dividend yield of 6% on the Issue Price (1.2 cents per Share fully franked to be declared in respect of the results for the year ending 30 June 2005). The first dividend will be paid following the half year ending 31 December 2004. In subsequent years, the payment of half yearly dividends is intended to be based on an aggregate amount of not less than 50% per annum of reported net profit after tax.

This is indicative only and subject to revision at any time by the Directors in determining the optimum dividend policy and specific dividends to be paid from time to time. The Directors will take into account various factors affecting the Company including its profitability, internal funding needs, the general business environment, taxation position and other factors that the Directors may consider relevant.

No assurance as to future profitability can be given, as it is dependent on the future earnings of the Company. Other factors beyond the control of the Directors may also affect profitability and therefore the capacity of the Company to pay dividends. Consequently, the Directors cannot give any assurances concerning the payment of future dividends.

3. DETAILS OF THE OFFER

3.1 THE OFFER

The Prospectus contains information on the fully underwritten Offer for subscription of a total of 30 million Shares at an issue price of $0.20 per Share, payable in full on Application.

The Offer will raise $6 million for TSV Holdings before transaction costs.

No shares will be issued under this Prospectus unless the minimum amount of $6 million is raised by the Company. If the Company does not raise $6 million within 4 months of the date of this Prospectus, all application monies will be refunded in full (without interest).

3.2 PURPOSE OF THE OFFER

The purpose of the Offer is to raise sufficient capital to:

- Acquire 100% of the share capital (and pay related acquisitions costs) of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd pursuant to the Sale Agreements described in section 13;
- Pay the expenses of the Offer;
- Provide on-going working capital for TSV; and
- Provide TSV Holdings with capital to apply to future acquisitions.

The Directors believe that on the basis of the capital to be raised pursuant to the Offer, the Company will have enough working capital to carry out its stated objectives as outlined in this Prospectus

3.3 USE OF FUNDS

The capital raised from the Offer is expected to be applied to the following:

Cash payments related to the Acquisitions in Victoria & NSW	$2,527,500
Share issue expenses	$ 813,807
Funding reserve for potential future acquisitions	$ 950,000
Working capital	$1,708,693
TOTAL	**$6,000,000**

3.4 CAPITAL STRUCTURE

The capital structure immediately following the close of the Offer will be as follows:

Name	Shares	Interest
Vendors & Pre-IPO Shareholders	20,000,000	40%
New Shareholders	30,000,000	60%
Shares on Issue after the Offer	50,000,000	100%
Market Capitalisation at Offer Price	$10 million	

Voluntary escrow arrangements apply to Shares held by Vendors and Pre-IPO shareholders prior to the Offer. Details of these arrangements appear in Section 13.

The Company has established an employee loyalty plan under which existing employees who remain in employment with TSV for 12 months from the date of ASX quotation of the Shares may at the absolute discretion of the Company receive Shares at the 5 day volume weighted average price of the Shares prior to their issue to the relevant employee, up to an aggregate value of $1,000 per employee. At present there are 29 eligible TSV employees.

In addition the Company has established an employee option plan (referred to in this Prospectus as the TSV ESOP and described in more detail in section 13), under which the Company may grant up to 2.5 million options to acquire Shares in TSV Holdings to Directors, management and staff. The Board has resolved to grant 1.4 million options under the TSV ESOP prior to the issue of this Prospectus. Those options have a 5 year term and an exercise price of $0.24 per option. The options will be cancelled if the option holder does not remain employed by TSV and only fully vest over three years from their grant.

Lodge Partners Pty Limited (or nominee) and Mr Jason D'Arcy will in aggregate receive 1.125 million options to acquire Shares on the terms set out in section 13.

Major Shareholders*	**Number of Shares**	**% of TSV**
Tecsound Vic Vendors	7,500,000	15%
TCF (including related parties)	4,440,000	8.88%
Continuum Asset Management Pty Ltd	3,315,000	6.63%
Private Equity Financiers	2,880,000	5.76%
Tecsound NSW Vendors	875,000	1.75%
Others	990,000	1.98%
	20,000,000	40%

*List of Shareholders holding more than 1.7% of the issued Shares as at the date of this Prospectus, assuming all Share issues contemplated by the Sale Agreements are made.

3.5 HOW TO APPLY FOR SHARES UNDER THIS PROSPECTUS

To participate in the Offer, the Application Form must be completed in accordance with the instructions on its reverse side. Applications must be for at least 10,000 Shares ($2,000.00) or a greater number in multiples of 2,500 Shares ($500.00).

3.6 PAYMENT FOR SHARES

The Issue Price of the Shares is payable in full on Application. Cheques in Australian currency must be made payable to: **"TSV Holdings Limited Share Subscription Account"** and crossed **"Not Negotiable"**.

3.7 ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Underwriter or the Company and you will be forwarded, free of cost, either a paper copy or a further electronic copy of the Prospectus as requested by you.

Notwithstanding that you may receive this Prospectus electronically, there is no facility for Applications to be accepted electronically. The Application Form in this Prospectus must not be circulated or handed on to prospective investors unless accompanied by a copy of this Prospectus.

The Company reserves the right not to accept an Application for Shares from a person where it has reason to believe that, when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such case, the Application money received will be dealt with in accordance with Section 722 of the Corporations Act.

3.8 LODGEMENT OF APPLICATIONS

Applicants should return their completed Application Forms and Application Monies prior to 5pm AEST on the Closing Date to:

TSV Holdings Limited Share Offer
C/- Computershare Investor Services Pty Limited.
GPO BOX 52
Melbourne VIC 8060

3.9 ALLOCATION POLICY

The Company reserves the right to issue a lesser number of Shares than those for which Application has been made or to reject any Application. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded to the Applicant in full without interest.

3.10 APPLICATION MONIES HELD ON TRUST

Until the Issue concludes and the Shares are allotted under this Prospectus, application monies will be held on trust in a separate bank account, which has been opened specifically for this purpose.

3.11 AUSTRALIAN STOCK EXCHANGE – APPLICATION FOR ADMISSION

Not later than 7 days after the date of the issue of this Prospectus, application will be made to the ASX for the Company to be admitted to the official list of the ASX and for the quotation of the Shares.

The fact that the ASX may admit the Company to its official list is not to be taken in any way as an indication of the value or merits of the Company or of the Shares. Quotation, if granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies will be returned without interest as soon as practicable.

3.12 UNDERWRITING SUMMARY

The Offer is fully underwritten by Lodge Partners Pty Limited, a member corporation of the ASX. The Company will pay underwriting fees and disbursements as provided for under the Underwriting Agreement. Details of the Underwriting Agreement including the circumstances under which the Underwriter may terminate its obligations are set out in Section 13.

3.13 RIGHTS ATTACHING TO SHARES

The rights attaching to Shares are:

- set out in the Company's Constitution (which may be examined from 9:00am to 5:00pm on normal business days at the registered office of the Company); and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

3.14 ESCROW ARRANGEMENTS

ASX may, as a condition of granting the Company's application for quotation of its Shares, classify certain of the Shares held by the Existing Shareholders as restricted securities. Details of any such escrow restrictions will be disclosed prior to commencement of quotation of the Company's Shares.

Please note that in any event, all of the Shares held by Existing Shareholders are subject to voluntary escrow restrictions. Details of these restrictions are set out in Section 13.

3.15 FORWARD LOOKING STATEMENTS

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

3.16 TAXATION

The tax treatment and consequences of this Issue will vary depending on the particular circumstances of the Applicant. A general tax commentary is included in Section 12, however the Company accepts no liability or responsibility in relation to any taxation consequences for individual investors. Therefore it is the responsibility of any Applicant to satisfy themselves regarding the appropriate tax treatment that applies to this Issue.

3.17 NOTIFICATION

Notification of issue and allotment of Shares will be dispatched to Shareholders at their address appearing in the Application Form.

3.18 CHESS

The Company will apply to be admitted to participate in the Clearing House Electronic Sub-register System ("**CHESS**"), in accordance with ASX Listing Rules. On admission to CHESS, the Company will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to shareholders. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), which sets out the number of Shares allotted to the shareholder under this Prospectus. For shareholders who elect to hold the Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the shareholder under this Prospectus. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide shareholders with a holding statement that confirms the number of Shares held.

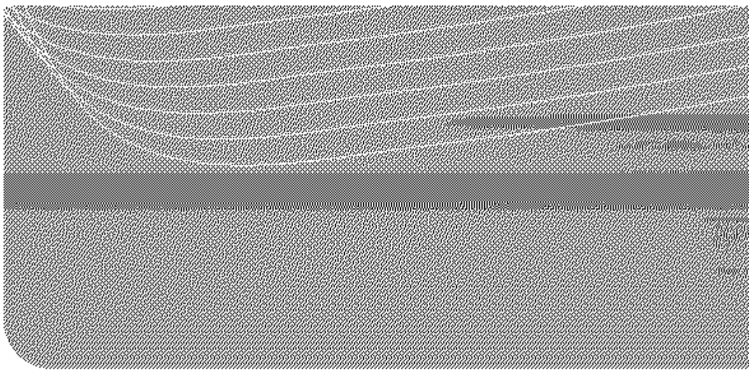
A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding in the Issuer sponsored sub-register. Following distribution of these initial holding statements to all shareholders, a holding statement will also be provided to each security holder at the end of any subsequent month during which the balance of that security holder's holding of securities changes.

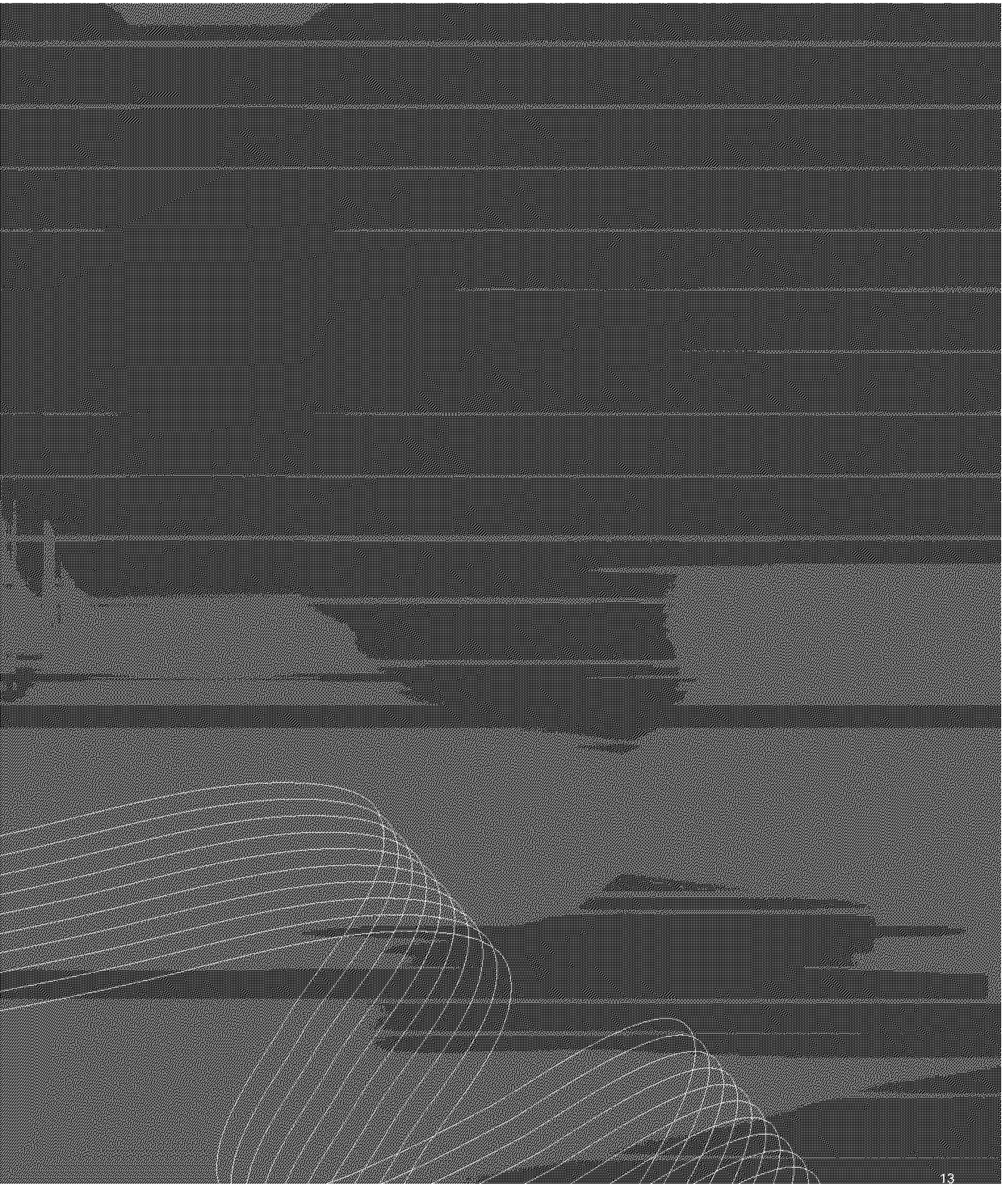
3.19 INVESTOR ENQUIRIES

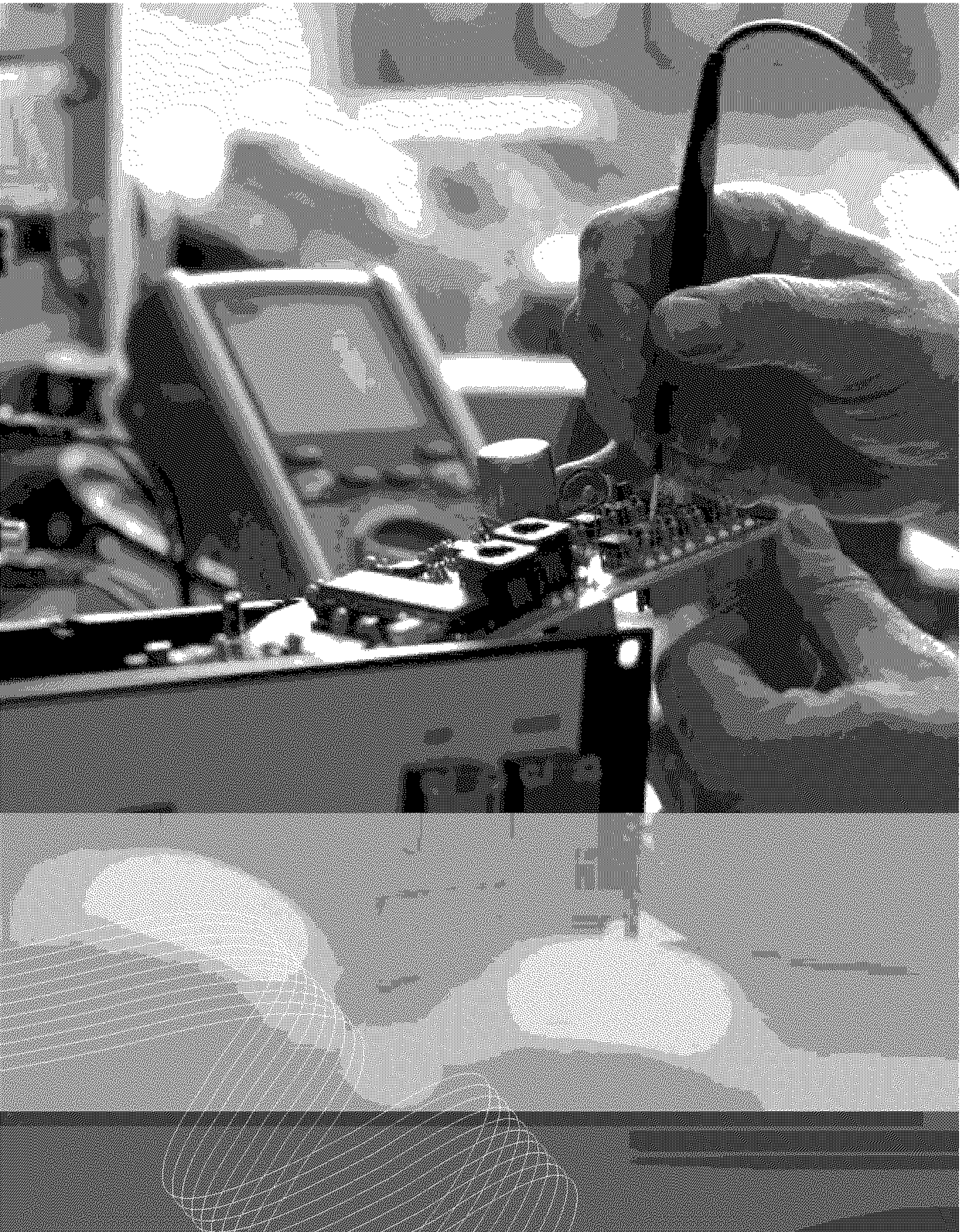
If, after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, lawyer or other professional adviser for assistance.

Further information and additional copies of this Prospectus can be obtained online at http://www.lodgepartners.com.au or by contacting:

Lodge Partners Pty Ltd on telephone number: **(03) 9618 7000**.







4. BUSINESS OVERVIEW

4.1 DESCRIPTION OF THE BUSINESS

TSV Holdings has recently been established to acquire the businesses known as Tecsound Vic and Tecsound NSW and to consolidate those operations. These businesses are now branded as "TSV" in reference to the "Technology, Sound & Vision" product offering. References to "TSV" and the "TSV businesses" in this Prospectus, are as if TSV Holdings has completed the Acquisitions.

TSV's Victorian and NSW businesses were established in 2000 and 2001 respectively, as importers, wholesalers, distributors, designers and systems integrators of advanced electronic communications systems. TSV also provides "whole of life" maintenance and service support for a number of its products. Since inception, TSV has completed numerous projects for many blue-chip clients to become a preferred solution provider in Australia. TSV's products include:

- Quick Service Restaurant (Drive Through) Systems;
- Public Address Systems;
- Emergency Warning Systems;
- Closed Circuit Television Security Systems;
- Audio Visual Systems;
- Sound Monitor and Assisted Hearing Systems; and
- Background Music Systems;
- Consulting & Services.

TSV derives its national presence through distribution arrangements in Brisbane, Perth and Adelaide, plus over 120 dealer and service affiliates in rural areas.

4.2 CORPORATE OBJECTIVE AND STRATEGY

CORPORATE OBJECTIVE

TSV's key business objective is to foster strong customer relationships through consistent high quality product and service offerings provided in an efficient manner.

STRATEGY

TSV's strategy is to provide superior service to blue-chip clients on a national basis, with a focus on delivering specialised design, installation and service work across a key product range. This strategy has positioned TSV as an established and reputable player in the electronic communications industry. TSV expects the Offer to further strengthen its human and financial resources enabling continued expansion.

4.3 ESTABLISHED MARKET POSITION

TSV has successfully completed numerous projects to service the following markets:

- National Retail Chains;
- Multinational Fast Food Chains;
- The Hospitality Industry;
- Building and Construction Companies;
- Rail and Airport Infrastructure; and
- Large Call Centres.

TSV's market position is enhanced by offering national service for retail electronic communication products both directly and though its distribution affiliates. A feature of TSV's strong and consistent growth is that many competitors are either product and/or location specific, without the resources and capabilities to provide complete solutions on a national basis.

4.4 SUPPLIERS

TSV has established Australian distribution relationships with various leading multinational equipment and component manufacturers. TSV has Australian distribution rights to a number of exclusive products providing the overseas manufacturers with a strong Australian presence and distribution directly to TSV's clients or, in some cases, to TSV's own distributors who resell the products.

TSV's suppliers benefit from:

- Market knowledge derived from the direct sale of product by TSV to volume users;
- The ability to assist in the deployment of new products through TSV's established client base of blue chip customers;
- The ability of TSV to install and maintain key customer specific products;
- Volume purchasing by TSV;
- TSV's marketing and distribution competence to specify key equipment to meet clients needs;
- TSV's skilled and experienced labour for quality installations; and
- Experienced after sales service, repairs and maintenance capabilities.

4.5 KEY PRODUCTS

TSV's products include:

QSR – Quick Service Restaurant (Drive Through) Systems. These systems improve the functionality and utilization of staff in a fast food restaurant. TSV is a major importer and distributor of the analogue HME drive through product in Australia. The HME product currently has dominant market share in Australia. TSV's QSR product sales include installation and recurring servicing work. TSV has recently been appointed the exclusive distributor for the new digital HME System 6000 product for the Australian market. TSV expects the digital HME System 6000 to become the industry standard over time and to supersede the estimated 28,000 existing analogue belt packs currently in the Australian market.

Public Address Systems – TSV imports and distributes speakers, microphones and amplifiers used by major Australian retailers, supermarkets and fast food chains. TSV derives product sales, installation and recurring service revenue through selling these products to major clients. In addition, TSV has secured exclusive rights to distribute Sound Advance speakers which are currently specified for Coles Myer supermarket fit-outs.

Wholesale (Box Sales) – TSV sells products, such as intercoms, PA Systems, megaphones, speakers and sound monitors, through industry wholesalers to schools, builders, and DIY customers for their installation.

Emergency Warning Systems – Under occupational health and safety standards most new larger buildings must install Australian approved emergency warning equipment including speakers and control panels. The control panel allows the user to sequentially contact each individual floor within a building to assist in an orderly exit in an emergency. TSV has completed some large installation projects and derives recurring revenue from servicing various existing systems.

Security Systems – TSV provides tailored electronic security solutions for its clients including Closed Circuit Television (CCTV), Access Controls, Alarm & Intruder Detection Systems and Digital Video Recorders (DVR). Recent security concerns and occupational health & safety requirements have increased demand for electronic security control devices. TSV's competitors in this area are mainly security companies/installers. However, TSV has found many customers like to purchase combined electronic communication and security solutions, including:

- **Access Controls** – card reading devices and other electronic controls for restricting physical access to secure areas. TSV sell these products in combination with CCTV and PA system devices to customers such as golf clubs;
- **Alarm & Intruder Detection Systems** – provided by TSV to Hungry Jacks in conjunction with their QSR systems;
- **CCTV** – camera and monitor systems are installed as part of a security solution. TSV currently services the CCTV systems for clients such as the V-Line rural train station network; and
- **Digital Video Recorders (DVR)** – TSV has recently secured an exclusive agreement to supply the 'Summit 888 Digital Video Surveillance System'. This system is able to compress and store audio and visual content for both active and passive (after an incident occurs) review.

Master Antenna Television Services (MATV) – TSV services the free-to-air in-store display TV's (including DVD players) for K-Mart and Target. In store displays are increasingly important in providing direct consumer information.

Sound Monitors – is an exclusive TSV product that is manufactured in NSW from TSV owned intellectual property. The Directors anticipate a growing market for this product as occupational health and safety standards are enacted to require noise pollution to be monitored in the workplace.

Assisted Hearing – TSV provides this product to create a special zone in some cinemas, train stations and municipal council areas where the hearing-impaired can receive messages from a special amplifier.

CEADFM - TSV acts as system integrators for the installation of the CEADFM programming system in a number of Australian call centres. This centralized music and messaging system provides call center staff with in-house programmed music and tailored announcements.

TSV therefore provides a diverse range of products across a variety of target markets. A summary of TSV's potential market segments for each product is set out over:

Product	Retail	Fast Food	Hospitality	Building & Construction	Transport & Government	Call Centres
	Target Client					
QSR		✓				
Public Address	✓	✓	✓	✓	✓	
Wholesale	✓		✓	✓	✓	
Emergency WS	✓		✓	✓	✓	
Security	✓	✓	✓	✓	✓	
MATV	✓	✓	✓	✓		
Sound Monitor			✓	✓	✓	
Assisted Hearing	✓	✓	✓	✓	✓	
CEADFM						✓

4.6 STRONG CLIENT BASE WITH BOTH PROJECT AND RECURRING REVENUES

TSV has developed a solid client base of blue-chip clients. TSV has a strong order book of future projects as many of its clients are continually installing and/or upgrading business equipment and/or sites. Additionally, TSV performs routine maintenance services for many clients, resulting in recurring revenue and a further strengthening of the client relationship. The strength and diversity of these client relationships and the quality and range of TSV's products have TSV well placed for future growth and not reliant on any single customer or product.

4.7 FUTURE GROWTH

ORGANIC GROWTH

TSV has demonstrated strong organic growth in revenue since being established. TSV believes it is well placed to maintain strong organic growth as:

- TSV has a strong forward order book as at 1 July 2004;
- TSV has a successful track record in winning business tendered by large corporations. A number of tenders are currently in progress and TSV intends to continue to respond to tenders as opportunities arise;
- Under its previous ownership structure, TSV was restricted in its ability to tender for a number of major project opportunities due to working capital constraints. The funds raised under this Offer will enable TSV to apply working capital to worthwhile project opportunities that may not have been previously pursued;
- A number of retail stores are being planned, opened, or refurbished by TSV's established clients;
- TSV's past experience indicates that TSV's clients are generally receptive to product upgrades, new products and innovation;
- TSV has several new products that are expected to appeal to the existing client base. This provides a marketing edge and assists in the product expansion and growth of TSV;
- New client opportunities are expected to expand the client base;
- The demand for covert and active electronic security measures and emergency warning systems is increasing; and
- There is increasing regulation supporting safety and disabled access in public buildings.

GROWTH BY ACQUISITION

TSV is also considering a number of potential acquisition opportunities. Initial focus is on low risk acquisition targets such as:

- Purchasing other Tecsound distributors if reasonable terms can be agreed. As these companies have been associated with various TSV products for a number of years they may offer a lower risk interstate expansion opportunity; and/or
- Purchasing compatible companies to allow the range of TSV clients and/or products to be increased. A strategic review by TSV has indicated that there are a number of small companies that possess some key skills and/or customer groups which could provide natural expansion for TSV. Where synergies are considered to be strong, TSV will actively pursue such acquisitions to enhance the operations of TSV.

TSV has allocated a reserve of $950,000 in cash towards such acquisitions which, in combination with issuing Shares as partial consideration in an acquisition, would enable TSV to complete two acquisitions within the first 12 months of the issue of this Prospectus. Of course no guarantee can be given that TSV will be able to conclude acquisitions in accordance with its acquisition plans and intentions.

5. INDUSTRY OVERVIEW

TSV operates in the audio visual and electronic equipment industry and provides electronic security systems.

5.1 MARKET SIZE

Due to the highly fragmented nature of the industry and the many different product offerings within it, statistics on Australian market size are not readily available. Notwithstanding, the Directors believe that the market encompassing audio visual and electronic security systems distribution, installation and servicing to retail, Government, corporate and private sectors is substantial. The proliferation of small private operators in the industry means that whilst TSV is a sizeable participant in the industry, it still enjoys only a small share of the industry in Australia.

5.2 MARKET GROWTH – DRIVERS

The market for both audio visual and electronic security products has been growing due to many factors including:

- Increasing number of participants and sites at which electronic products are being demanded;
- Technological advances increasing the functionality of electronic communication and security products;
- Market demand for productivity and customer service improvements can be increasingly satisfied through innovative technology;
- Increased security concerns; and
- Improved effectiveness and reduced cost of electronic products and components.

5.3 INDUSTRY MAKE-UP AND COMPETITION

TSV's industry is subject to price competition, however the Company believes customers are attracted to a supplier's quality of after-sale service and maintenance, as this is an area where the cost of downtime (operations failure) may exceed the cost savings that could be realised from accepting the lowest quote.

TSV is not aware of any competitor who offers an effective comparable full product and service solution to customers on a national basis. At a local level there is competition from local electrical suppliers and installers who may compete with TSV when projects are offered by customers on a location specific basis.

5.4 PERSONNEL AND RELATIONSHIPS

Experienced personnel are critical to identify trends, new products and variation in customer needs to provide a competitive edge. Furthermore, partnerships with the best and/or most efficient suppliers of equipment and parts, exclusive supply and install relationships with key clients, possession of proprietary technology and access to wide distribution channels may also provide a competitive edge.

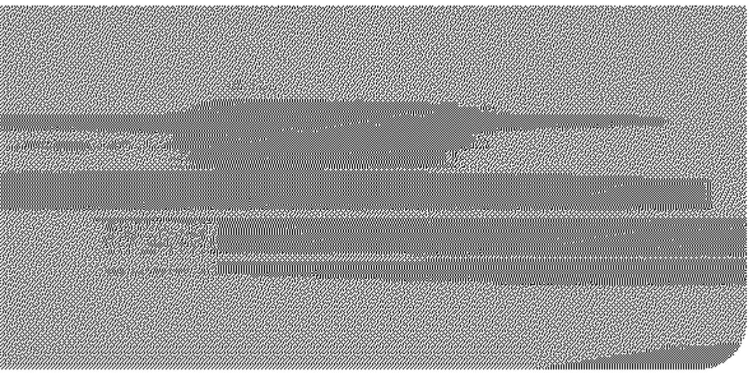
5.5 CUSTOMER TYPE

TSV views the market for its products as being stratified into three tiers.

The first tier is made up of large corporates, and is the principal focus of TSV's operations. These corporates demand fast response times, efficient service and reliability from their contractors and suppliers. Monitoring customer service and premises is viewed as a major facet of delivering customers an efficient and pleasant purchasing experience, creating a dependency on the electronic communications industry's products and services.

The second tier includes smaller chain stores, mid-sized hotel groups and serviced apartments, property developers and contractors, schools, public transportation systems, medical centres and manufacturers. Due to the extensive opportunities remaining for TSV within the first tier, tier two has not been subject to organised and focussed marketing by TSV to date. TSV believes that as cost effectiveness and customer requirements change over time, this second tier will become increasingly attractive to TSV.

The third tier is comprised of small businesses, restaurants, small developments and family homes. The majority of tasks performed in the third tier are basic audiovisual installations, alarm systems, basic access control systems, some public address system installation and some closed circuit television installation. This tier is generally serviced by small, location specific businesses. This third tier is not the focus of the operations of TSV.



5.6 BARRIERS TO ENTRY

Barriers to establishing a strong business in this industry include:

- Access to products that are of high quality and have strong brand names. Wholesalers may have exclusive distribution agreements, which can effectively shut out new entrants (at least for the term of the agreement);
- Established name in the market;
- Established sales and distribution network;
- The time and cost of developing an experienced and well trained workforce; and
- Financing operations as stock and debtors accumulate.

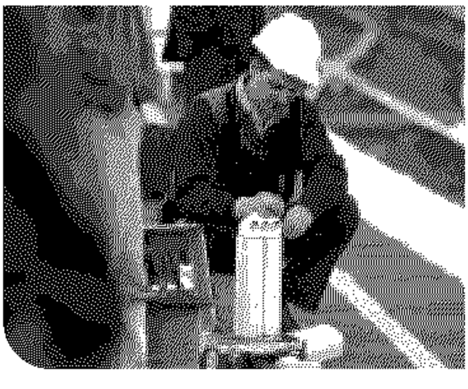
5.7 TSV'S COMPETITIVE POSITIONING IN THE INDUSTRY

TSV believes that it has a number of competitive advantages within its industry, including:

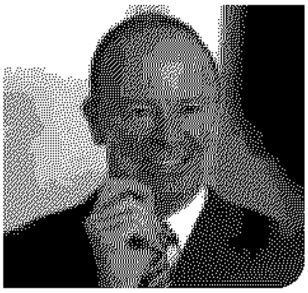
- **Customer Base** - TSV services a range of blue-chip customers with established and new products. Access to key customers provides solid reference sites for new marketing campaigns, product launches and ultimately new sales;
- **Suppliers** - TSV has established a national and international network of alternative suppliers. TSV acts as an exclusive or leading distributor for several communications products. These supply relationships assist in winning project tenders and enhance profitability as TSV supplies the goods at wholesale prices to other distributors nationally;
- **Product Range** – TSV offers a range of complementary and bundled products and services including the ability to offer many customers a 'one stop shop' solution for their electronic communication and security needs;
- **National Capability** - TSV management does not believe any competitor provides its total supply, installation, maintenance and service solution for customers on a national basis;
- **Upgrades & New Developments** - Many new or upgrade client installation projects will require the TSV product range and/or performance functionality;
- **Purchases** - TSV receives supplier discounts due to the large volume of purchases made. These discounts provide a competitive advantage over smaller competitors;
- **Personnel** – TSV's key staff are industry professionals with many years of experience who understand the business and its intricacies; and
- **TSV's Operating Procedures** - are relatively simple and easily managed through a common national operating system. TSV and its major distributors all operate on common computer system platforms with common reporting procedures in place. TSV customers may receive consistent national reporting and functions.

5.8 INDUSTRY REGULATION

Both national and state industry regulation and standards apply to the industry. Customer equipment using radio technology must, in addition to meeting Australian Communication Authority's (**ACA**) technical standards, also meet the requirements of the Radio Communications Act and Regulations administered by the ACA. The Building Act 1993 (Vic) requires the installation of Emergency Warning Systems, smoke detectors and fire alarms in all multi-storied commercial buildings.



BOARD OF DIRECTORS



MR. DAVID CARTER

Non-Executive Independent Chairman

David Carter is a lawyer, company director and corporate advisor who acts as a consultant to the international law firm Baker & McKenzie. David has broad experience in corporate, commercial and business law and has for many years been a strategic advisor to both listed and unlisted companies. David is widely experienced in board proceedings and corporate governance.

David is a director of the ASX listed company Concept Sports Limited (ASX:CCS) and VENCorp Limited (the Victorian Government body responsible for energy transmission and distribution). He acts as a corporate and board adviser for two other listed companies and as a part-time company secretary for the ASX listed company McMillian Shakespeare Limited (ASX:MMS). David is also a director of the not for profit companies: Diabetes Australia - Victoria Pty Ltd and EntireNet Pty Ltd. He is the chairman of the Audit and Risk Management Committees for both Concept Sport Limited and Diabetes Australia – Victoria Pty Ltd.

David is admitted as a Barrister and Solicitor in Victoria and South Australia. He has a B.Ec, LL.B (Hons), LL.M (Monash), B.C.L. (Oxon). David is a part time senior lecturer in commercial and international trade law at the University of Melbourne.

MR. HILARY EVANS

Managing Director

Hilary, age 44, founded the Victorian business in 2000. That business has achieved substantial and profitable growth since inception under Hilary's guidance as Managing Director.

Hilary has a passion for client service and prior to founding the Victorian business, worked as the sales manager of Sontec (Victoria) Pty Limited, for 13 years until the business was acquired by Chubb Electronic Security (a division of Chubb Australia Limited). Hilary has over 20 years of experience in the electronics, sound and communication industries.

Hilary holds professional qualifications in Stage Management, Lighting and Sound from the South African Institute of Theatre Technology (CAPAB). Hilary's sound engineer experience includes organising and operating the sound systems for World famous entertainers such as Frank Sinatra, Olivia Newton John, the Beach Boys, Elton John and Cliff Richard.

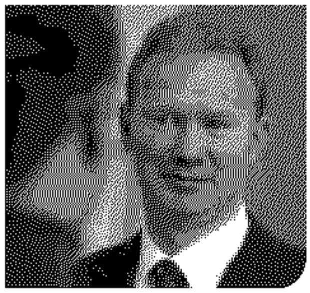
MR. DAVID LIGHTFOOT

Non-Executive Director

In 2001, David founded Tooronga Corporate Finance and provides strategic financial advice to a variety of companies for mergers, acquisitions, divestments, joint ventures, strategic alliances, capital raisings and IPO's. David has been assisting the Victorian business since January 2003.

David was a director at PricewaterhouseCoopers until December 2000, with experience in both large and small transactions. Three TCF transaction examples include acting as the financial advisor in the ASX listing of Baxter Group Limited (ASX:BAX); debt and equity capital raising for the management buy in and national consolidation of an unlisted food manufacturing and distribution business; and strategic financial advice, including the sale of non-core businesses, for Realestate.com.au (ASX:REA).

David is a member of the Australian Institute of Chartered Accountants, Securities Institute of Australia (Graduate Diploma in Applied Finance) and has an MBA from the University of Melbourne and B.Com qualifications.



MR. JASON D'ARCY

Company Secretary and Chief Financial Officer

Mr Jason D'Arcy has recently been appointed as the Company Secretary and Chief Financial Officer of TSV. Jason is experienced in public company disclosure requirements including statutory reporting, ASX disclosures and in delivering quality management information within an organisation.

Jason has extensive ASX listed company financial experience from being the CFO and Company Secretary of Baxter Group Limited (ASX:BAX) for two years (including through listing on the ASX), and is the current CFO and Company Secretary of Cellestis Limited (ASX: CST). Jason has also worked in senior finance roles for AV Jennings Limited (ASX:AVJ), Gordon Industries and Kawasaki.

Jason is a CPA, with B.Ec and B.Bus (accounting) qualifications.

7. FINANCIAL INFORMATION

7.1 HISTORICAL STATEMENTS OF FINANCIAL PERFORMANCE

Set out below is a summary of the notional consolidated historical financial performance of the TSV Group, for the financial years ended 30 June 2002 and 30 June 2003, and the nine months ended 31 March 2004. The historical financial information has been compiled from the financial statements of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd and should be read in conjunction with the accompanying notes.

Notional Consolidated Statements of Financial Performance

	(i) Year ended 30 June 2002 $	(i) Year ended 30 June 2003 $	(i) 9 months ended 31 March 2004 $
Revenue from operating activities:			
Installation revenue	1,777,067	2,857,126	3,351,556
Service revenue	362,305	580,837	647,431
Wholesale revenue	515,355	679,619	396,099
	2,654,727	4,117,582	4,395,086
Revenue from non-operating activities:			
Revenue from disposal of plant and equipment	-	1,889	1,494
Interest income	-	-	-
Other revenue	4,680	2,150	7,859
	4,680	4,039	9,353
Total revenue from ordinary activities	**2,659,407**	**4,121,621**	**4,404,439**
Expenses from operating activities:			
Cost of sales – material & subcontractors	1,492,759	1,816,411	2,292,170
Employment expenses	553,018	1,015,806	1,047,296
Motor vehicles and related costs	69,630	97,485	83,087
Advertising and promotional expenses	15,323	55,287	54,806
Occupancy expenses	55,439	61,479	46,561
Telephone and communication expenses	41,877	44,108	43,840
Other fixed and operating expenses	183,243	242,773	218,058
	2,411,289	3,333,349	3,785,818
Profit from ordinary activities before depreciation, amortisation and interest expense	248,118	788,272	618,621
Depreciation and amortisation expense	18,829	65,473	58,796
Interest expense	7,282	27,642	26,739
Profit from ordinary activities before income tax expense	**222,007**	**695,157**	**533,086**
Income tax expense related to ordinary activities	56,989	198,625	172,989
Profit from ordinary activities after income tax expense	**165,018**	**496,532**	**360,097**

Note (i): Historical financial results have been reviewed by the Company's Independent Accountant in preparation of their report at Section 9. The scope of work performed by the Independent Accountant is detailed in their report.

7.2 STATEMENTS OF FINANCIAL POSITION

The notional consolidated statement of financial position represents the financial position of TSV Group at 31 March 2004, adjusted for the acquisition of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd as if the acquisition transactions had taken place at 31 March 2004 (refer Section 7.4 for further details). The notional consolidated pro-forma statement of financial position represents the notional consolidated statement of financial position, adjusted for capital raising transactions and payment of acquisition liabilities (refer Section 7.5 for further details).

Statements of Financial Position

	Notes	Notional Consolidated 31 March 2004 $	Pro-forma Adjustments $	Notional Consolidated Pro-forma 31 March 2004 $
CURRENT ASSETS				
Cash assets	7.7	635,703	2,468,193	3,103,896
Receivables	7.8	1,148,156		1,148,156
Inventories	7.9	380,003		380,003
TOTAL CURRENT ASSETS		**2,163,862**		**4,632,055**
NON CURRENT ASSETS				
Property, Plant and Equipment	7.10	362,884		362,884
Deferred Tax Assets		23,614		23,614
Goodwill	7.11	3,544,316		3,544,316
TOTAL NON CURRENT ASSETS		**3,930,814**		**3,930,814**
TOTAL ASSETS		**6,094,676**		**8,562,869**
CURRENT LIABILITIES				
Payables	7.12	651,870		651,870
Non interest bearing liabilities	7.13	2,718,000	(2,718,000)	-
Tax Liabilities	7.14	242,278		242,278
Provisions	7.15	88,562		88,562
Interest bearing liabilities	7.16	45,354		45,354
TOTAL CURRENT LIABILITIES		**3,746,064**		**1,028,064**
NON CURRENT LIABILITIES				
Provisions	7.17	6,025		6,025
Interest bearing liabilities	7.18	154,587		154,587
TOTAL NON CURRENT LIABILITIES		**160,612**		**160,612**
TOTAL LIABILITIES		**3,906,676**		**1,188,676**
NET ASSETS		**2,188,000**		**7,374,193**
EQUITY				
Contributed Equity	7.19	2,188,000	5,186,193	7,374,193
Retained Earnings		-		-
TOTAL EQUITY		**2,188,000**		**7,374,193**

Note: (i) Notional consolidated and notional consolidated pro-forma statements of financial position have been reviewed by the Company's Independent Accountant in preparation of their report at Section 9. The scope of work performed by the Independent Accountant is detailed in their report.

7.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The notional historical and notional pro-forma financial information has been prepared in accordance with the measurement but not all disclosure requirements of Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. In the view of the Directors of TSV Holdings, the omitted disclosures provide limited relevant information to potential investors.

The financial information has been prepared in accordance with the historical cost convention. The accounting policies stated below have been consistently applied in the periods presented in the notional historical and notional pro-forma financial information.

The significant accounting policies, which have been adopted in the preparation and presentation of the notional historical and notional pro-forma financial information, are:

(a) Principles of Consolidation

The notional financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the Company (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 Consolidated Accounts.

A controlled entity is an entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating objectives of another entity so that the other entity operates with the Company to achieve the objectives of the Company.

In preparing the notional historical and notional pro-forma financial information for the financial years ended 30 June 2002, 30 June 2003 and nine months ended 31 March 2004, the financial performance and financial position of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd have been consolidated as if they were controlled entities of TSV Holdings throughout these periods.

In preparing the aggregated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

(b) Revenue recognition

Revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Interest revenue
Interest revenue is recognised as it accrues.

Service revenue
Revenue from rendering a service is recognised upon the delivery of the service to the customer.

Wholesale revenue
Wholesale revenue relates to the sale of inventory and is recognised at the date control passes to the buyer.

Installation revenue
When the outcome of a contract to provide installation services can be estimated reliably, revenue is recognised by reference to the percentage of the services provided.

(c) Cash

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(d) Trade and Other Receivables

Trade receivables and other receivables represent the principal amounts due at balance date less, where applicable, any provision for doubtful debts. All trade receivables and other receivables are recognised at the amounts receivable as they are due for settlement in no more than 60 days.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts which are known to be uncollectible are written off.

(e) Property, Plant and Equipment

All classes of plant and equipment are measured at cost.

Depreciation is calculated on a straight line basis for all property, plant & equipment, at rates calculated to write off each asset over its estimated useful life.

Major depreciation categories are:

- Owned and leased plant & equipment: 11 to 37 percent;
- Office furniture: 21 to 37 percent;
- Owned and leased motor vehicles: 18 to 37 percent; and
- Furniture and fittings: 7 to 21 percent.

Any gain or loss on the disposal of assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the proceeds from the disposal, and is included in the results of the Company in the period of disposal.

(f) Inventory

Inventories are measured at the lower of cost or net realisable value. Costs are assigned to inventory on hand on a first in first out basis. Costs include direct costs only. Any loss on valuing inventory at net realisable value is bought to account in the statement of financial performance.

(g) Payables

Liabilities for payables and other amounts are carried at cost which approximates the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recorded as an asset and a liability equal to the present value of the minimum lease payments, including any residuals as determined by the lease contract. Leased assets are amortised on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain legal ownership of the asset on expiry of the lease. Lease payments are allocated to both the lease interest expense and the lease liability.

Lease payments for operating leases where substantial risks and benefits remain with the lessor are charged as expenses in the periods in which they are incurred.

(i) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable assets acquired at the time of the acquisition, and is amortised on a straight-line basis over a period of 20 years. This represents the period over which the benefits are expected to be received.

(j) Taxation

TSV Group adopts the liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a deferred tax asset or deferred tax liability.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets which include tax losses are only brought to account when their realisation is virtually certain.

(k) Employee entitlements

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions for employee entitlements to wages, salaries and annual leave expected to be settled within 12 months represent the amount which the Company has a present obligation to pay resulting from the employees' services provided up to the balance date. Provisions expected to be settled within 12 months have been measured at their nominal amounts.

Provisions for long service leave which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. The present values have been calculated using the rates attaching to Federal Government securities at balance date, which most closely matches the term of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in salary and wage rates and the Company's experience with staff departures.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Employee benefit on costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(l) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(m) Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of any goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

(o) Recoverable Amount of Non Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

When the carrying amount of a non current asset is greater than recoverable amount, the asset is written down to the recoverable amount. Where the net cash inflows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets. The decrement in carrying amount is recognised as an expense in net profit or loss in the reported period in which the write down occurs. The expected net cash inflows included in determining recoverable amounts of non current assets are not discounted.

(p) Translation of foreign currency items

Except for foreign currency contracts where the exchange rate is fixed, each asset, liability, item of equity, revenue or expense is recognised and translated using the spot rate at the date of the transaction.

Foreign currency monetary items outstanding at the reporting date are translated at the spot rate at the reporting date.

Exchange differences are recognised as revenues or expenses in net profit or loss in the period in which exchange rates change except for qualifying assets and hedge transactions.

(q) Borrowings

Borrowings are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

(r) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of the asset.

(s) Investments

Non current investments are bought to account at cost and dividend income is recognised in the Statement of Financial Performance when receivable. The carrying amount of investments is reviewed annually by the Company to ensure it is not in excess of recoverable amount of these investments. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a).

(t) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date.

7.4 NOTIONAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Acquisition Transactions

TSV Holdings was incorporated on 2 March 2004 to acquire Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd. The acquisition of these companies is further explained at Section 13.3 of this Prospectus.

The acquisition transactions that will be completed by TSV Holdings on completion of the Offer and ASX listing are as follows:

- acquisition of 100 percent of the issued capital of Tecsound (Vic) Pty Ltd to be satisfied by the issue of 7.5 million ordinary shares in TSV Holdings at 20 cents per share and the payment of $1.8 million cash consideration; and
- acquisition of 100 percent of the issued capital of Tecsound (NSW) Pty Ltd to be satisfied by the issue of 875,000 ordinary shares in TSV Holdings at 20 cents per share and the payment of $528,500 cash consideration.

The cash consideration payable by TSV Holdings of $2,328,500 in respect of the Acquisitions represent a non interest bearing liability in the notional consolidated statement of financial position at 31 March 2004. There are Acquisition related costs of $199,000 to be settled in cash which are payable to advisers of the Tecsound Companies. These total non interest bearing liabilities will be fully repaid from proceeds received by TSV Holdings from the Offer. There are also other Acquisition related costs of $187,500 for Tecsound (Vic) Pty Ltd and $37,500 for Tecsound (NSW) Pty Ltd which have been settled by the issue of Shares as described in Section 7.4(b) below.

(b) Notional Consolidated Statement of Financial Position

The Notional Consolidated Statement of Financial Position has been compiled from the notional statement of financial position of TSV Group at 31 March 2004, and incorporates:

(i) the receipt of all seed capital subscribed for in TSV Holdings of $288,000, resulting in the issue of 2,880,000 fully paid ordinary shares at 10 cents per share;

(ii) the acquisition of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd as if those Acquisition transactions had taken place at 31 March 2004; and

(iii) the issue of promoter and adviser shares (refer section 7.19).

At 31 March 2004 the fair value of the identifiable net tangible assets of Tecsound (Vic) Pty Ltd notionally acquired by TSV Holdings is $705,726 which is represented by the following purchase consideration:

Tecsound (Vic) Pty Limited	$
Purchase Consideration:	
Cash consideration paid to vendor on acquisition of Tecsound (Vic) Pty Ltd	1,800,000
Costs associated with the acquisition	163,000
Issue of 7.5 million shares to vendor at 20 cents per share for the acquisition of Tecsound (Vic) Pty Ltd	1,500,000
Issue of 3.75 million shares on incorporation of TSV Holdings at 1 cent per share to advisers of TSV Holdings	37,500
Issue of 0.75 million shares at 20 cents per share for settlement of costs associated with the acquisition of Tecsound (Vic) Pty Ltd	150,000
Total	**3,650,500**
Net Tangible Assets Acquired (at fair value):	
Cash assets	167,460
Receivables	661,170
Inventory	328,964
Deferred tax assets	23,614
Plant and equipment	260,341
Payables	(254,149)
Tax liabilities	(218,651)
Employee entitlements (current and non current)	(63,082)
Interest bearing liabilities (current and non current)	(199,941)
Total	**705,726**
Goodwill on Acquisition	
Goodwill	2,944,774
Total	**3,650,500**

At 31 March 2004 the fair value of the identifiable net tangible assets of Tecsound (NSW) Pty Ltd notionally acquired by TSV Holdings is $177,458 which is represented by the following purchase consideration:

Tecsound (NSW) Pty Limited	$
Purchase Consideration:	
Cash consideration paid to vendor on acquisition of Tecsound (NSW) Pty Ltd	528,500
Costs associated with the acquisition	36,000
Issue of 0.875 million shares to vendor at 20 cents per share	175,000
Issue of 3.75 million shares on incorporation of TSV Holdings at 1 cent per share	37,500
Total	**777,000**
Net Tangible Assets Acquired (at fair value):	
Cash assets	180,243
Receivables	486,986
Inventory	51,039
Plant and equipment	102,543
Payables	(397,721)
Tax liabilities	(23,627)
Employee entitlements (current and non current)	(31,505)
Non interest bearing liability (current)	(190,500)
Total	**177,458**
Goodwill on Acquisition	
Goodwill	599,542
Total	**777,000**

Tangible assets and liabilities have been valued at the cost of acquisition. The cost of acquisition represents the fair value of the assets acquired. The fair values of the above assets have been assessed as follows:

1. Receivables have been assessed on the present value of expected cash proceeds;
2. Inventory has been assessed at expected replacement costs as determined by carrying amount as at 31 March 2004;
3. All plant and equipment has been assessed at expected replacement cost as determined by the written down values at 31 March 2004; and
4. Payables, non interest bearing liabilities, provisions, and interest bearing liabilities have been assessed on the basis of present value of expected cash outflows.

7.5 NOTIONAL PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The notional pro-forma consolidated statement of financial position has been based on the notional consolidated statement of financial position at 31 March 2004 and reflects the following events and transactions as if they had taken place at that date:

- subscription of 30 million new fully paid ordinary shares for an issue price of $0.20 per share for a total of $6 million;
- payment of share issue expenses of approximately $813,807 as if they had occurred as at 31 March 2004;
- the payment of the cash component of the acquisition transactions of $2,328,500 and the related costs of acquisition to be settled in cash of $199,000 as if it had occurred at 31 March 2004; and
- the repayment of a non interest liability of $190,500, acquired on the acquisition of Tecsound (NSW) Pty Ltd.

7.6 NET GAINS AND EXPENSES

	Year ended 30 June 2002 $	Year ended 30 June 2003 $	9 Months ended 31 March 2004 $
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses.			
Net gains:			
Profit from disposal of plant and equipment	-	1,889	1,494
Expenses: Interest expense and finance charges	(7,282)	(27,642)	(32,896)
Bad and doubtful debts	-	(5,253)	(15,036)
Depreciation and Amortisation:			
Depreciation of plant and equipment	(13,992)	(42,610)	(31,582)
Amortisation of plant and equipment under finance lease	(4,837)	(22,863)	(27,214)
	(18,829)	**(65,473)**	**(58,796)**

	Notional Consolidated 31 March 2004 $	Notional Consolidated Pro-forma 31 March 2004 $
7.7 CASH		
Cash assets - TSV Holdings		
Cash assets, acquired on acquisition of Tecsound Companies	347,703	347,703
Issue of 2.88 million seed capital shares at 10 cents per share	288,000	288,000
Issue of 30 million shares at 20 cents per share	-	6,000,000
Cash consideration payable to the Tecsound vendors	-	(2,328,500)
Payment of share issue expenses from Offer proceeds (exclusive of GST)	-	(813,807)
Repayment of non interest bearing liability	-	(190,500)
Costs related to acquisition of the Tecsound Companies	-	(199,000)
Total Cash	**635,703**	**3,103,896**
7.8 RECEIVABLES		
Trade debtors	1,163,788	1,163,788
Less provision for doubtful debts	(15,632)	(15,632)
Total Receivables	**1,148,156**	**1,148,156**
7.9 INVENTORIES		
Inventories at cost	**380,003**	**380,003**
7.10 PROPERTY, PLANT & EQUIPMENT		
Plant and equipment at cost	22,400	22,400
Motor vehicles at cost	95,098	95,098
Office equipment at cost	27,115	27,115
Furniture and fittings at cost	36,501	36,501
Motor vehicles under finance lease	153,017	153,017
Plant and equipment under finance lease	28,753	28,753
Total Property, Plant & Equipment	**362,884**	**362,884**
7.11 GOODWILL		
Goodwill on acquisition	**3,544,316**	**3,544,316**
7.12 PAYABLES		
Trade creditors	525,827	525,827
GST and PAYG provisions	68,398	68,398
Sundry creditors and accruals	57,645	57,645
Total Payables	**651,870**	**651,870**

	Notional Consolidated 31 March 2004 $	Notional Consolidated Pro-forma 31 March 2004 $
7.13 NON INTEREST BEARING LIABILITIES		
Non interest bearing liability	190,500	190,500
Purchase consideration and related costs	2,527,500	2,527,500
Payment of non interest bearing liabilities	-	(2,718,000)
Total Non Interest Bearing Liabilities	**2,718,000**	-
7.14 TAX LIABILITIES		
Total Tax Liabilities	**242,278**	**242,278**
7.15 PROVISIONS (CURRENT)		
Employee entitlements	**88,562**	**88,562**
7.16 INTEREST BEARING LIABILITIES (CURRENT)		
Lease liabilities		
Lease liabilities are secured against the asset leased	**45,354**	**45,354**
7.17 PROVISIONS (NON CURRENT)		
Employee Entitlements	**6,025**	**6,025**
7.18 INTEREST BEARING LIABILITIES (NON CURRENT)		
Lease liabilities		
Lease liabilities are secured against the asset leased	**154,587**	**154,587**
7.19 CONTRIBUTED EQUITY		
The movement in the contributed equity of TSV Holdings in the notional consolidated and notional consolidated pro-forma statement of financial position at 31 March 2004 is detailed below:		
Balance of contributed equity at 31 March 2004:		
Issue of 7.5 million shares at 1 cent per share	75,000	75,000
Issue of 2.88 million seed capital shares at 10 cents per share	288,000	288,000
Acquisition of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd:		
Issue 9,125,000 shares in the acquisition of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd at 20 cents per share	1,825,000	1,825,000
Issue of 495,000 shares at 10 cents per share for professional services	49,500	49,500
Costs of professional services settled by way of issue of shares	(49,500)	(49,500)
Capital Raising subject of this Offer:		
Issue of 30,000,000 shares to the public at 20 cents per share	-	6,000,000
Payment of share issue expenses from prospectus proceeds	-	(813,807)
Total Contributed Equity	**2,188,000**	**7,374,193**

	Notional Consolidated 31 March 2004 $	Notional Consolidated Pro-forma 31 March 2004 $
7.20 COMMITMENTS		
Asset purchase commitments		
The Company has acquired plant, equipment and motor vehicles by means of finance leases with a period no later than 5 years.		
Payable as follows:		
- not later than one year	61,446	61,446
- later than one year but not later than five years	164,936	164,936
	226,382	**226,382**
Less: future finance charges	(26,441)	(26,441)
	199,941	**199,941**
Asset purchase liability provided for in the financial statements:		
Current	45,354	45,354
Non current	154,587	154,587
	199,941	**199,941**

7.21 INVESTMENT IN CONTROLLED ENTITIES

(All controlled entities were incorporated in Australia)	**Interest Held**
Tecsound (Vic) Pty Ltd	100%
Tecsound (NSW) Pty Ltd	100%

7.22 SHARE OPTIONS

The Company has established an employee loyalty plan under which existing employees who remain in employment with TSV for 12 months from the date of ASX quotation of the Shares may at the absolute discretion of the Company receive Shares at the 5 day volume weighted average price of the Shares prior to their issue to the relevant employee, up to an aggregate value of $1,000 per employee.
At present there are 29 eligible TSV Group employees.

In addition the Company has established an employee option plan (referred to in this Prospectus as the TSV ESOP and described in more detail in Section 13), under which the Company may grant up to 2.5 million options to acquire Shares in TSV Holdings to Directors, management and staff. The Board has resolved to grant 1.4 million options prior to the issue of this Prospectus. Those existing options have a 5 year term and an exercise price of $0.24 per option. The options will be cancelled if the option holder does not remain employed by TSV Group and only fully vest over three years from issue.

Lodge Partners Pty Limited (or nominee), as underwriter to the Offer and Mr Jason D'Arcy, TSV's Chief Financial Officer, have in aggregate received 1.125 million options to acquire Shares on the terms set out in Section 13.

7.23 RELATED PARTY DISCLOSURES

The Directors of TSV Holdings and their interest in TSV Holdings are listed in Section 13 of the Prospectus.

8. FORECAST FINANCIAL INFORMATION

The following information provides a summary of the notional consolidated historical and forecast financial performance of TSV Group and its pro-forma forecast statement of cash flows. The historical financial information represents the notional consolidated results of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd businesses for the financial years ended 30 June 2002 and 30 June 2003 (refer Section 7 for further information) and 30 June 2004. Consolidated financial information for the financial years ended 30 June 2002 and 30 June 2003 has been examined by the Independent Accountant (refer Section 9 for scope of procedures). The consolidated financial information for the year ended 30 June 2004 incorporates 9 months of financial performance to 31 March 2004 which has been examined by the Independent Accountant and 3 months of financial performance which has not been reviewed by the Independent Accountant.

The forecasts contained in this section are based on an assessment of the present economic and operating conditions and on a number of assumptions, as set out in Section 8.5, regarding future events and actions which, at the date of this Prospectus, TSV Group expects to take place. The Directors have used due care and attention in the preparation of the forecast financial information and consider the assumptions to be reasonable when viewed as a whole.

Forecasts, by their very nature, are subject to uncertainty and unexpected events may occur. Whilst every precaution has been taken in forecasting these future events, many events are outside the control of the Directors. Circumstances and events often do not occur as anticipated and results may therefore be materially different from those that are forecast. As such, no guarantee can be given that these forecasts will be achieved.

In order to understand the basis, assumptions and limitations underlying the forecast financial information presented, the financial information should be read in conjunction with the:

- risk factors described in Section 11;
- overview of historical and forecast statements of financial performance presented in Section 8.3;
- Independent Accountant's Report in Section 9;
- the Independent Review Report on the Directors' Forecasts in Section 10;
- a description of the key assumptions underlying the forecast financial information as set out in Sections 8.4 and 8.5; and
- an analysis of the sensitivity of the forecasts to key changes in assumptions as set out in Section 8.7.

The Board has considered the adoption of International Financial Reporting Pronouncements on TSV Holdings' financial statements. International Financial Reporting Pronouncements are applicable for reporting periods beginning on or after 1 January 2005. Further information is included in Section 8.8.

The forecast pro-forma consolidated statement of cash flows shown in the table at Section 8.2 excludes one-off transactions associated with the following:

- receipt of the proceeds of the Offer and the payment of capital raising costs;
- the payment of the cost of acquisition of the Tecsound businesses and associated costs; and
- the repayment of a non interest bearing liability of $190,500.

These one-off transactions are reflected in the opening cash balance in the pro-forma consolidated statement of cash flows at 1 July 2004. The opening cash position in the forecast pro-forma consolidated statement of cash flows represents the notional consolidated cash position at 1 July 2004 adjusted for cash payments associated with acquisitions and the receipt of proceeds from the Offer including the payment of share issue expenses and the repayment of a non interest bearing liability of $190,500 as if these transactions had occurred at 31 March 2004 (refer to Sections 7.4 and 7.5).

8.1 FORECAST CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

The forecast consolidated statement of financial performance for the financial year ending 30 June 2005 ("FY2005") has been prepared on best estimate assumptions and using the accounting policies of TSV Holdings as detailed at Section 7.3.

Historical and Forecast Statements of Financial Performance

	Reviewed by Independent Accountant			Not Reviewed By Independent Accountant		Reviewed by Independent Expert
	(i)	(i)	(i)	(ii)	(iii)	(iv) Forecast
	Year ended 30 June 2002 $'000	Year ended 30 June 2003 $'000	9 months ended 31 March 2004 $'000	3 months ended 30 June 2004 $'000	Year ended 30 June 2004 $'000	year ending 30 June 2005 $'000
Revenue from operating activities:						
Installation revenue	1,777	2,857	3,352	1,263	4,615	6,687
Service revenue	362	581	647	287	934	1,110
Wholesale revenue	515	680	396	98	494	543
	2,654	4,118	4,395	1,648	6,043	8,340
Revenue from non-operating activities:						
Revenue from disposal of plant and equipment	-	2	1	-	1	-
Interest income	-	-	-	2	2	188
Other revenue	5	2	8	10	18	-
	5	4	9	12	21	188
Total revenue from ordinary activities	**2,659**	**4,122**	**4,404**	**1,660**	**6,064**	**8,528**
Operating costs from operating activities:						
Cost of sales – materials & subcontractors	1,493	1,816	2,292	703	2,995	4,011
Employment expense	553	1,016	1,047	427	1,474	1,921
Motor vehicles and related costs	70	97	83	32	115	130
Advertising and promotional expenses	15	55	55	21	76	60
Occupancy expenses	55	61	47	15	62	118
Telephone and communication expenses	42	44	44	19	63	63
Other fixed and operating expenses	183	244	217	81	298	275
Head office costs	-	-	-	-	-	286
	2,411	3,333	3,785	1,298	5,083	6,864
Profit from ordinary activities before depreciation, amortisation and interest expense	248	789	619	362	981	1,664
Depreciation and amortization (plant & equipment)	19	65	59	23	82	87
Goodwill amortisation	-	-	-	-	-	177
Interest expense	7	28	27	6	33	16
Profit from ordinary activities before income tax expense	**222**	**696**	**533**	**333**	**866**	**1,384**
Income tax expense related to ordinary activities	57	199	173	93	266	457
Profit from ordinary activities after income tax expense	**165**	**497**	**360**	**240**	**600**	**927**

Note (i): Historical financial results have been reviewed by the Company's Independent Accountant in preparation of their report at Section 9. The scope of work performed by the Independent Accountant is detailed in their report.

Note (ii): These results represent the consolidated management accounts for Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd for the three months ended 30 June 2004 and have not been reviewed by the Independent Accountant.

Note (iii): Combines financial results for twelve months ended 30 June 2004

Note (iv): Forecast financial results have been reviewed by the Company's Independent Expert in preparation of their report at Section 10. The scope of work performed by the Independent Expert is detailed in their report.

Historical financial performance was generated from a financial and legal structure that differs from the future operations of TSV Group. The major differences are as follows:

(i) Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd have not earned any material interest income previously;

(ii) TSV Holdings has forecast amortisation of goodwill. No similar amortisation was previously incurred by Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd;

(iii) TSV Holdings was not a consolidated economic entity as Tecsound (Vic) Pty Ltd or Tecsound (NSW) Pty Ltd were previously stand alone companies; and

(iv) Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd have not previously incurred typical head office operating expenses of a listed public company. Head office costs that have not previously been incurred by TSV Holdings include Director's fees, the salary of a part-time Chief Financial Officer, audit fees, printing of annual reports, listing fees and share registry expenses. Further information on these costs is included in the assumptions below.

EBITA - Earnings before Interest, Tax and Amortisation of Goodwill

	Year ended 30 June 2002 $'000	Year ended 30 June 2003 $'000	Year ended 30 June 2004 $'000	Forecast year ending 30 June 2005 $'000
Profit from ordinary activities before income tax expense	222	696	866	1384
Add Interest expenses	7	28	33	16
Less Interest income	-	-	(2)	(188)
Add Goodwill amortisation	-	-	-	177
EBITA	**229**	**724**	**897**	**1389**

8.2 FORECAST PRO-FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

Forecast Pro-Forma Consolidated Statement of Cash Flows

	Forecast year ending 30 June 2005 $'000
Cash flows from operating activities	
Cash receipts from operations (inclusive of GST)	9,032
Cash payments in the course of operations (inclusive of GST)	(7,662)
Interest income received	188
Interest Paid	(16)
Income tax paid	(328)
Net cash provided by operating activities	**1,214**
Cash flows from investing activities	
Payment for plant and equipment	(97)
Net cash used in investing activities	**(97)**
Cash flows from financing activities	
Payment of finance lease liabilities	(47)
Payment of dividend	(300)
Net cash used in financing activities	**(347)**
Net increase in cash held	770
Cash at the beginning of the year(i)	**3,221**
Cash at the end of the year	**3,991**

Note (i): The opening cash position in the forecast pro-forma consolidated statement of cash flows has been determined as follows:

	$'000
Actual unaudited 30 June 2004 cash assets	466
Proceeds from the Offer	6,000
Receipt of seed capital by TSV Holdings (refer Section 7.19)	288
Share Issue Expenses	(814)
Cash consideration for Tecsound acquisitions and related cash costs (refer Section 7.5)	(2,528)
Repayment of non interest bearing liability	(191)
Notional pro-forma consolidated 30 June 2004 cash assets	3,221

8.3 OVERVIEW OF HISTORICAL AND FORECAST STATEMENTS OF FINANCIAL PERFORMANCE

Year ended 30 June 2002 compared to the year ended 30 June 2003

Operating revenue increased by $1.464 million, or 55.1 percent, due to a combination of the following:

* installation revenue increased by $1.08 million or 60.7 percent; and
* service revenue and wholesale revenues increased by $0.384 million or 43.8 percent.

Operating costs from ordinary activities as a percentage of revenue from operating activities decreased from 90.8 percent in 2002 to 80.9 percent in FY2003. Gross margin increased from 43.7 percent of revenue from operating activities in FY2002 to 55.9 percent in FY2003. The increase in operating revenue and an improvement in gross margin lead to an increase in EBITA for FY2003 of $0.495 million.

Year ended 30 June 2003 compared to the year ended 30 June 2004

Operating revenue increased by $1.925 million, or 46.7 percent, due to a combination of the following:

* installation revenue increased by $1.758 million or 61.5 percent;
* service revenue increased by $0.353 million or 60.8 percent; and
* wholesale revenue decreased by $0.186 million or 27.4 percent.

The decrease in wholesale revenue was predominately due to a fall in DVR sales in the FY2004. Operating costs from ordinary activities as a percentage of revenue from operating activities increased from 80.9 percent in 2003 to 84.1 percent in 2004. Gross margin decreased from 55.9 percent of revenue from operating activities in FY2003 to 50.4 percent in FY2004. EBITA increased in FY2004 by $0.173 million.

Year ended 30 June 2004 compared to the forecast year ending 30 June 2005

Operating revenue is forecast to increase by $2.297 million, or 38.0 percent, due to a combination of the following:

* installation revenue is forecast to increase by $2.072 million or 44.9 percent;
* service revenue is forecast to increase by $0.176 million or 18.9 percent; and
* wholesale revenue is forecast to increase by $49,000.

Operating costs from ordinary activities as a percentage of revenue from operating activities is forecast to decrease from 84.1 percent in FY2004 to 82.3 percent in FY2005. Operating costs in FY2004 included $33,355 of non recurring expenditure related to the employment and termination of two employees in Tecsound (Vic) Pty Ltd, marketing expenses of $39,488 for the launch of the new HME digital product and the payment of consulting expenses of $26,000. These costs were considered non-recurring expenditure in FY2004 and have not been forecast to occur in FY2005. Gross margin is forecast to increase from 50.4 percent of revenue from operating activities in FY2004 to 51.9 percent in FY2005.

EBITA is forecast to increase by $0.492 million in FY 2005 to $1.389 million.

Material assumptions made by the Directors in preparing the financial forecasts for FY2005 are set out below.

8.4 SPECIFIC FORECAST ASSUMPTIONS

(a) Revenue

The major components of forecast 2005 revenue are as follows:

(i) Installation Revenue

Installation revenue is forecast to grow from $4.615 million in FY2004 to $6.687 million in FY2005. Reasons for the forecast increase include:

* organic growth determined with regard to forecast customer requirements;
* three large installation projects which are to be completed during FY2005; and
* new sales personnel appointed during the FY2004 are forecast to provide a full year's sales contribution for the full financial year in 2005.

TSV has already secured several large installation projects in Victoria and NSW, with total installation revenue contracts in excess of $1.1 million (excluding GST and variations). These installation contracts are larger than typical installation contracts in prior financial years and are forecast as additional revenue to the anticipated growth in TSV Group's existing customer base.

The balance of the above forecast growth is expected to come from organic growth. As at 30 June 2004, the TSV Group have outstanding quotations for potential new contracts of $7.2 million (GST exclusive). In addition to this potential new work, TSV Group has total confirmed orders as at July 2004 for installation revenues which will be earned during FY2005 of $2.02 million. During the 2005 financial year, the TSV Group will continue to quote for new projects.

(ii) Service Revenue

Service revenue is forecast at $1.11 million for year ending 30 June 2005, which represents an increase of $176,000 or 18.9 percent on service income derived during the year ending 30 June 2004. The growth in forecast revenue compares with the actual growth in service income of $219,000 or 60.5 percent for year ended 30 June 2003 and $353,000 or 60.8 percent for year ended 30 June 2004.

Service revenue correlates to installation revenue, with the majority of TSV's historical service revenue being derived from previous installation works. Hence, the organic growth in historical installation revenue should lead to continued service revenue growth in FY2005, as TSV maintains a larger customer base.

(iii) Wholesale Revenue

Wholesale revenue is forecast at $543,000 for year ending 30 June 2005, which represents a 9.9 percent increase on financial year 2004 wholesale revenue of $494,000 which is consistent with prior years.

(b) Operating Costs

The major operating expenses included in the forecasts have been based on the following assumptions:

(i) Cost of Sales

Cost of sales as a percentage of operating revenue is forecast to decrease by 1.5 percent in FY2005. Reasons for this decrease in percentage cost of sales from operating activities includes:

- TSV Group has secured a number of large installation projects, which are forecast to have a higher than average gross margin;
- TSV Group has increased direct employment costs by $447,00 which will reduce the use of subcontractors and hence the cost of sales expense; and
- forecast cost of sales as a percentage of operating revenue is consistent with the Companies performance in FY2003 and the last three month period of FY2004.

(ii) Foreign Exchange

The forecast is based on an assumed average Australian dollar / United States dollar foreign exchange rate of $0.7162.

(iii) Employment Expense

These costs are based on existing staff levels and known increases to support the forecast growth and operational requirements. Existing salary and wage levels have been reviewed and expected wage and salary adjustments included.

(iv) Other Operating Costs

Other operating costs include such items as motor vehicles, advertising and promotional costs, occupancy expenses, insurance, professional services, administration and utility costs. These costs are forecast on a basis which is consistent with the actual operating costs incurred during previous financial years and after taking into account expected changes during the forecast period and no abnormal expenditure in the forecast period.

(c) Head Office Costs

As stated above in Section 8.1, head office costs including management salaries and on costs, printing of statutory and annual reports, audit costs, legal fees, ASX and share registry fees and other costs for the registered office which have not previously been incurred by TSV. These costs have been forecast as follows:

Forecast Head Office Costs

	FY2005 $'000
Directors, Management & Payroll Costs	180
Printing & Stationery	16
Audit, ASX, Legal Share Registry & Compliance Costs	64
Other	26
	286

(d) Depreciation of Plant and Equipment

Depreciation methods and rates are consistent with prior years. The forecast depreciation expense also allows for depreciation on proposed new plant and equipment acquisitions.

(e) Amortisation of Goodwill

TSV Holdings has provided for the amortisation of goodwill in accordance with current Australian Accounting Standards. This accounting policy adopted by the TSV Holdings, and detailed at Section 7.3, requires goodwill to be amortised over 20 years, and has been forecast using goodwill on acquisition as disclosed at Section 7.4 (b)

(f) Interest Revenue

Interest revenue is calculated at the expected market rates prevailing during the forecast period and is based on average monthly available cash balances which have been forecast as part of the forecast pro-forma statement of cash flows (refer assumptions at Section 8.5 below).

(g) Interest Expense

Historical and forecast interest expense relates to finance lease interest charges and bank overdraft charges.
The forecast for the year ending 30 June 2005 relates to current finance lease contracts and the related imputed interest cost. No capital acquisitions are forecast to be financed by finance leases during the forecast period.
No other interest expense is anticipated due to current and forecast positive cash flows.

(h) Income Tax Expense

Income tax expense has been calculated and allowed for on the accounting profit adjusted for permanent differences based on the current corporate tax rate of 30 percent.

(i) Acquisitions

Notwithstanding that it is TSV Holding's intention to make further acquisitions, due to uncertainty as to the timing and value of such acquisitions, the forecasts do not reflect any acquisitions and associated funding of such acquisitions.

8.5 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is based on the following assumptions:

- Historical trading terms for cash receipts and payments continue during the forecast period. Forecast trading terms for cash receipts and payments include:
  - GST liabilities are paid in the month after they are incurred;
  - trade creditors are paid in the month after they are incurred with the exception of identified prompt payments for certain inventory items which are paid in the month an obligation is incurred;
  - all other costs are paid in the month incurred;
  - movements in inventory levels reflect the requirement to provide for 75% of the following months sales, based upon experience in previous years; and
  - trade debtors are paid on normal trading terms;
- Interest received is calculated upon the forecast closing monthly balance of cash assets using current market interest rates adjusted for a small increase in interest rates expected during FY2005;
- Forecast expenditure on plant and equipment requirements during FY2005; and
- Forecast half yearly dividend of $0.006 per share with a record date of January 2005 and payable in February 2005, in accordance with the Company's dividend policy statements.

8.6 GENERAL ASSUMPTIONS

In addition to the specific assumptions listed above, the FY2005 forecasts have also been based on the following general assumptions:

1. TSV Group's accounting policies will remain consistent with those disclosed in Section 7.3;
2. there will be no changes in accounting standards that will have a material impact on TSV Group's forecast results;
3. economic conditions do not materially deteriorate and adversely affect the level of installation, service or wholesale revenue of TSV Holdings or its industry;
4. there is no adverse change in statutory, legal, state or federal taxation or regulatory requirements that will adversely impact on TSV Holdings' business;
5. there is no material adverse change in industrial or political conditions generally;
6. there will be no material mergers, acquisitions or disposals of core business assets or subsidiaries;
7. the level of competitor activity in the market in which TSV Group operates does not increase significantly;
8. the Offer is fully subscribed, and the purchase consideration for the Tecsound Businesses is paid from the Offer proceeds;
9. there is no further issue of Shares during the forecast period;
10. the TSV Group is not and will not be party to any significant litigation; and
11. there will be no loss of key executives or personnel.

The Directors have given all due care and attention to the forecasts before their adoption, but forecasts are, by their nature, subject to uncertainty and unexpected events, many of which are beyond the control of the Directors. Accordingly, the Directors' assessment of the forecasts may vary materially from the actual results and there can be no guarantee or assurance that the forecasts will be achieved.

8.7 SENSITIVITY ANALYSIS

The Directors' forecasts for the TSV Group for the financial year ending 30 June 2005 are sensitive to a number of key assumptions as outlined below. The impacts of movements in the key sensitivities have been calculated to demonstrate the financial impact on profit before tax arising from changes in the specified variables for the year ending 30 June 2005.

The sensitivity analysis is not intended to be indicative or predictive of the complete range of variations that may occur. Investors are advised to take care in interpreting the sensitivity analysis below. The sensitivity analysis treats each movement in an operating variable in isolation from other variables and assumes no adverse or offsetting favourable changes in other variables. In practice, management would respond to any adverse change in one variable by taking appropriate action to minimise its impact. The effect of such mitigating action has been excluded from the sensitivity analysis.

Sensitivity Analysis

Variation in Assumption	Variation in Profit before Tax +/- ($'000)
+/- 10 percent in installation revenue	290
+/- 10 percent in service revenue	108
+/- 3 percent in cost of sales (materials and subcontractors)	120
+/- 5 percent in operating expenses (excluding cost of sales (materials and subcontractors))	143
+/- 8 percent in the A$/US$ foreign exchange rate	38

8.8 INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australia will adopt International Financial Reporting Standards ("IFRS") as the reporting and accounting framework from 1 January 2005. The operative date of IFRS for TSV Holdings is the financial year beginning 1 July 2005. Based on existing difference between Australian Accounting Standards and IFRS, TSV Holdings expects that the introduction of IFRS will impact on the Group's financial statements for the year ended 30 June 2006 and beyond. TSV Holdings expects that the most significant impact on the Group's financial statements will be as follows:

(a) Goodwill Amortisation

Under pending Australian Accounting Standard AASB 136 Impairment of Assets, goodwill will no longer be amortised but will be subject to impairment testing. As noted at Section 8.1, the Group has forecast goodwill amortisation of $177,360 in the FY2005.

(b) Share and Option Based Payments

If Pending Accounting Standard AASB 2, Share based Payments, had applied during FY2005, the fair value of options would need to be expensed in the TSV Group's consolidated statement of financial performance. The expense would be recognised with a corresponding increase in equity.

TSV have instructed an independent expert to prepare a valuation of TSV share options on the basis that TSV will use the valuation for incorporation of the option values into the prospectus using the Black-Scholes valuation formula. In accordance with AASB1046 and Pending Accounting Standard AASB 2 the independent expert assessed the value at 1 August 2004. There are three option streams issued in accordance with the following terms:

- Under the terms of the Employee Share Option Plan ("**TSV ESOP**"), the Board had resolved to grant options to 26 employees that entitle them to a total of 1.4 million shares with an exercise price of 24 cents and exercise period of 5 years ("Employee Options"). One-third of these options vest 12 months from grant, a further one-third vest 24 months from grant and the remainder vest 36 months from grant;
- Options with an exercise price of 24 cents will be granted to the Chief Financial Officer ("**CFO**") that will entitle him to 375,000 shares with an exercise period of five years ("CFO Options") and vesting 12 months from grant; and
- European options granted to the Underwriter for services in Connection with the Offer with an exercise price of 24 cents that can only be exercised after the expiration of three years. These options entitle the Underwriter to purchase 750,000 shares. These options cannot be exercised unless the share price as quoted on the ASX for the five days preceding the expiration period reaches a minimum volume weighted average price of 40 cents per share.

The independent expert valued each of the option streams by applying the terms of each option stream to the Black-Scholes valuation formula, although where applicable the value was adjusted to account for the specific terms associated with the option. The independent expert assessed the value of the option streams as follows:

Options Valuation Table

	Option Value	Number of Options	Total Value
TSV ESOP option stream			
12 months	$0.0350	466,667	$16,333
24 months	$0.0297	466,667	$13,860
36 months	$0.0217	466,667	$10,127
CFO option stream			
12 months	$0.0367	375,000	$13,745
Underwriter option stream			
Three years	$0.0474	750,000	$35,550

We note the following key assumptions support the valuation in the table above:

	TSV ESOP	CFO	Underwriter
Option pricing model: Black-scholes option formula			
Inputs including:			
Share price	$0.2000	$0.2000	$0.2000
Exercise price	$0.2400	$0.2400	$0.2400
Expected volatility	35.00%	35.00%	35.00%
Option life (years)	5.00	5.00	3.00
Risk free interest rate	6.00%	6.00%	6.00%

Note: The TSV ESOP option stream applies a 92.5 percent probability that an employee will remain employed by the company in any 12 month period, whilst the CFO option stream applies a 97.5 percent probability that the CFO will exercise the options in any 12 month period.

Based on the above independent valuation, and the vesting period of the TSV ESOP options and the CFO option stream an expense of $40,401 before tax would have occurred in the 2005 financial year had pending Australian Accounting Standard AASB 2 been operative and the options issued at 1 July 2004. The underwriting options relate to services associated with this offer and would be recorded as a capital raising expense in contributed equity.

(c) Impairment of Non Current Assets

TSV Group has stated at Section 7.3 that in assessing recoverable amount, the relevant cash flows are not discounted to their present value. Under pending Australian Accounting Standard AASB 136 "Impairment of Assets", recoverable amount is measured at the higher of fair value less costs to sell or value in use, where value in use requires the discounting of cash flows to their present value.

(d) Tax Effect Accounting

The TSV Group currently matches the income tax expense in the statement of financial performance with the accounting profits after allowing for permanent differences.

Under the Australian Accounting Standard AASB 112 Income Taxes, a full provision balance sheet approach to tax effect accounting will be adopted. The recovery of all assets and the settlement of all liabilities are assumed to have future tax consequences that can be estimated reliably and except in some circumstances cannot be avoided. The deferred tax balances will be determined based on the tax effect on the differences between the carrying amounts and tax bases of assets and liabilities. For the purposes of recognising deferred tax assets, the test used is less onerous, requiring "probability" rather than "virtual cetainty".

9. INDEPENDENT ACCOUNTANT'S REPORT

A Member Firm of PKF International

16 August 2004

PKF
Chartered Accountants
& Business Advisers

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To the Board of Directors

INDEPENDENT ACCOUNTANTS REPORT

1. Introduction

This report has been prepared by PKF for inclusion in a prospectus for TSV Holdings Limited ("TSV") to be dated on or about 16 August 2004 relating to the public invitation to subscribe for 30 million fully paid ordinary shares at an issue price of $0.20 each to raise $6 million, ("Prospectus"). The Offer is fully underwritten by Lodge Partners Pty Ltd on the terms set out in Section 13.4 of the Prospectus.

PKF was appointed auditors of TSV and Independent Accountants for TSV, Tescound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd (the "TSV Companies") on 29 April 2004. As Independent Accountants, PKF has been engaged to perform the following in connection with the issue of the Prospectus:

- undertake audit procedures on the accounts of the TSV Companies for the financial years ended 30 June 2002 and 30 June 2003 and nine months ended 31 March 2004 for the purposes of rendering an opinion on the Notional Consolidated Statements of Financial Performance of the TSV Companies set out in Section 7.1 of the Prospectus and the notes to the financial statements;
- review the Notional Consolidated Statement of Financial Position of TSV at 31 March 2004 as set out in Section 7.2 of the Prospectus and the notes to the financial statement for the purposes of rendering a review opinion on the Notional Consolidated Statement of Financial Position at 31 March 2004; and
- review the Notional Consolidated Pro-forma Statement of Financial Position of TSV at 31 March 2004 as set out in Section 7.2 of the Prospectus and the notes to the financial statements for the purposes of rendering a review opinion on the Notional Pro-Forma Consolidated Statement of Financial Position at 31 March 2004.

Expressions defined in the Prospectus have the same meaning in this report.

This report does not form the basis of an independent expert's opinion with respect to the valuation of TSV or a valuation of the share issue price of $0.20 per share nor does it address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment.

TSV has prepared and is responsible for the historical and pro-forma financial information included in the Prospectus and referred to in this report.

2. Background

TSV is an unlisted public company incorporated on 2 March 2004 to acquire 100 percent of the issued capital of the TSV Companies. The terms for the acquisition of the TSV Companies are further detailed in Section 13.3 of the Prospectus. The Shares in the TSV Companies are to be transferred to TSV with TSV being entitled to all of the benefits and rights, including dividends and voting rights, which attach or accrue to these shares on or after 1 July 2004.

As TSV was incorporated solely to acquire the TSV Companies, the historical Notional Consolidated Statements of Financial Performance for the financial years ended 30 June 2002 and 30 June 2003 and nine months ended 31 March 2004 have been derived from the accounts of the TSV Companies as if TSV had owned these companies during these historical periods.

The Notional Consolidated Statement of Financial Position of TSV has been extracted from the accounts of TSV and the TSV Companies at 31 March 2004, as if the proposed acquisition of these companies occurred on 31 March 2004.

A Victorian Partnership

The Notional Pro-forma Consolidated Statement of Financial Position of TSV has been prepared based on the Notional Consolidated Statement of Financial Position of TSV at 31 March 2004 adjusted for the capital raising that is subject to the Prospectus and the payment of Offer expenses as if these occurred on 31 March 2004.

Further and better particulars in relation to the acquisition of the TSV Companies and the capital raising is contained in Sections 7.4 and 7.5 of the Prospectus.

3. Scope of our Report

PKF has been requested to prepare an Independent Accountant's Report dealing with the following financial information:

- the Notional Consolidated Statements of Financial Performance of the TSV Companies as if acquired by TSV for the financial years ended 30 June 2002 and 30 June 2003 and nine months ended 31 March 2004 as set out in Section 7.1 of the Prospectus;
- the Notional Consolidated Statement of Financial Position of TSV at 31 March 2004 as set out in Section 7.2 of the Prospectus;
- the Notional Consolidated Pro-forma Statement of Financial Position of TSV at 31 March 2004 as set out in Section 7.2 of the Prospectus; and
- the notes to the financial statements.

The Notional Consolidated Statement of Financial Position and the Notional Pro-forma Consolidated Statement of Financial Position of TSV as at 31 March 2004 has been prepared to reflect the effects of transactions detailed in Sections 7.4 and 7.5 of the Prospectus. These transactions will occur after 31 March 2004 and will have a significant effect on the financial position of TSV. The Statements of Financial Position have been prepared from:

- the Notional Consolidated Statement of Financial Position of TSV at 31 March 2004, which has been subjected to independent review;
- the Statement of Financial Position of TSV at 31 March 2004, which has been subjected to independent review;
- the Statement of Financial Position of the TSV Companies at 31 March 2004, which has been subject to independent audit;
- the Sale Agreement between TSV and the vendors of the TSV Companies in relation to the acquisition of 100 percent of the issued capital of the TSV Companies as set out in Section 13.3 of the Prospectus; and
- the assumptions underlying the Notional Consolidated Pro-forma Statement of Financial Position at 31 March 2004 as set out in Section 7.5 of the Prospectus.

4. Scope of our Procedures

4.1 Notional Consolidated Statements of Financial Performance

The Notional Consolidated Statements of Financial Performance for the financial years ended 30 June 2002 and 30 June 2003, and the nine months ended 31 March 2004 have been extracted from the financial statements of the TSV Companies.

The Notional Consolidated Statements of Financial Performance presented in the Prospectus have been subject to audit procedures by PKF in accordance with Australian Auditing Standards to provide reasonable assurance that the historical financial information is free of material mis-statement. Audit procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of significant accounting policies and significant accounting estimates. We also considered for consistency the application of accounting standards and policies adopted by the TSV Companies with those adopted by TSV.

These procedures were undertaken to form an opinion as to whether, in all material aspects, the historical financial information is presented fairly in accordance with the measurement requirements of Australian Accounting Standards and other mandatory professional reporting requirements, so as to present a view which is consistent with PKF's understanding of the financial performance of the TSV Companies.

4.2 Notional and Pro-forma Consolidated Statements of Financial Position

Our review was conducted in accordance with Australian Auditing Standards relating to review engagements to enable PKF to report as to whether, on the basis of the procedures described, anything has come to our attention which would cause us to believe that the Notional Consolidated Statement of Financial Position at 31 March 2004 and the Notional Consolidated Pro-forma Statement of Financial Position at 31 March 2004, as set out in Section 7.2 of the Prospectus, is not properly drawn up in accordance with TSV's accounting policies set out in Section 7.3 of the Prospectus and the assumptions set out at Sections 7.4 and 7.5 of the Prospectus.

The review procedures were substantially less in scope than an audit examination conducted in accordance with generally accepted auditing standards. During this review, we made enquires of personnel, reviewed financial information and work papers and other relevant documents, performed analytical review procedures on the financial information, performed certain verification procedures and compared for consistency the application of accounting standards and policies adopted by the TSV Companies.

5. Qualified Opinion on Notional Consolidated Statements of Financial Performance

5.1 Qualification

As PKF was appointed auditors of TSV and Independent Accountant's for TSV and the Tescound Companies on 29 April 2004, we did not attend the physical counting of inventory for the financial years ended 30 June 2002 and 30 June 2003. It was not practical for PKF to perform alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence of inventory quantities at 30 June 2002 and 30 June 2003. PKF, however, obtained sufficient appropriate audit evidence regarding the existence of inventory assets at 31 March 2004.

In addition, based on the available inventory records for the 30 June 2002 and 30 June 2003 financial years, it was not practical for PKF to perform audit procedures to obtain sufficient appropriate audit evidence regarding the valuation of inventory assets at 30 June 2002 and 30 June 2003. PKF, however, obtained sufficient appropriate audit evidence regarding the valuation of inventory assets at 31 March 2004.

The consolidated inventory balances of $119,083 at 30 June 2002 and $323,761 at 30 June 2003 were recorded as assets and they entered into the determination of operating profit for the financial years ended 30 June 2002 and 30 June 2003.

5.2 Qualified Opinion

In our opinion, based on the scope of our procedures, as set out in Section 4.1 above, except for the effect if any on the financial performance of the matters referred to in the qualification paragraph above, the historical financial performance for the financial years ended 30 June 2002, 30 June 2003 and for the nine months ended 31 March 2004 are presented fairly in accordance with the accounting policies which have been adopted, as set out in Section 7.3 of the Prospectus.

6. Opinion on Notional Consolidated Statements of Financial Position

Based on the scope of our review, as set our in Section 4.2 above, which is not an audit, nothing has come to our attention which would cause us to believe that the Notional Consolidated Statement of Financial Position at 31 March 2004 and the Notional Consolidated Pro-forma Statement of Financial Position and the notes to the adjustments to the Notional Pro-forma Consolidated Statement of Financial Position, are not fairly presented in accordance with the basis of preparation as set out in Section 7.3 of the Prospectus, and on the assumption that all the transactions contemplated in the Prospectus as summarised in Sections 7.4 and 7.5 of the Prospectus, were undertaken at 31 March 2004.

7. Independence

Neither PKF Chartered Accountants, PKF Corporate Advisory Services (Vic) Pty Limited, (a wholly owned entity of PKF), nor the persons preparing this report have any interest in the securities of the Company, or any interests in the outcome of the Offer, or other interests that would be reasonably regarded as capable of affecting their ability to give an unbiased opinion, other than that PKF is entitled to receive a fee of $40,000 (exclusive of GST) in connection with the preparation of this report and a fee of $9,200 (exclusive of GST) for the conduct of tax due diligence services in connection with this Prospectus, and PKF Corporate Advisory Services (Vic) Pty Limited is entitled to receive a fee of $18,000 (exclusive of GST) for providing corporate advisory services in relation to the preparation of an Independent Report on the Directors' Forecasts as set out in Section 8 of the Prospectus and a fee of $7,500 (exclusive of GST) for providing financial due diligence services in connection with this Prospectus. Neither PKF, PKF Corporate Advisory Services (Vic) Pty Limited nor the person preparing this report are entitled to receive or have received other fees from TSV or the Tescound Companies.

8. Subsequent Events

To the best of PKF's knowledge and belief, there have been no material items, transactions or events subsequent to 31 March 2004 or the date of this report not otherwise disclosed in this report or in the Prospectus that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

Yours faithfully

PKF

R Dean
Partner

D Garvey
Partner

10. INDEPENDENT REVIEW REPORT

A Member Firm of PKF International

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16 August 2004

The Board of Directors
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To the Board of Directors

INDEPENDENT REVIEW REPORT ON THE DIRECTORS' FORECASTS

Introduction

This report has been prepared by PKF Corporate Advisory Services (Vic) Pty Limited ("PKF Corporate") for inclusion in a prospectus for TSV Holdings Limited ("TSV") to be dated on or about 16 August 2004 relating to the public invitation to subscribe for 30 million fully paid ordinary shares at an issue price $0.20 each to raise $6 million, ("Prospectus"). The Offer is fully underwritten by Lodge Partners Pty Ltd on the terms set out in Section 13.4 of the Prospectus.

TSV is an unlisted public company incorporated on 2 March 2004 to acquire 100 percent of the issued capital of Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd ("the TSV Companies"). The terms of the acquisition of the TSV Companies are detailed in Sections 7.4 and 13.3 of the Prospectus. The shares in the TSV Companies are to be transferred to TSV with TSV being entitled to all of the benefits and rights, including dividends and voting rights, which attach or accrue to these shares on or after 1 July 2004.

PKF Corporate has been requested to:

* form an opinion on whether the Directors' Forecasts for the Consolidated Statement of Financial Performance for the financial year ending 30 June 2005 as set out in Section 8 of the Prospectus, have been properly prepared based on the assumptions as set out in Section 8.4 and in accordance with TSV's accounting policies disclosed in Section 7.3 of the Prospectus;
* form an opinion whether the Directors' Forecasts for the Pro-forma Consolidated Statement of Cash Flows for the financial year ending 30 June 2005 have been prepared on the basis of the assumptions as set out in Section 8.5 of the Prospectus; and
* report whether anything has come to our attention, which would cause us to believe that the assumptions underlying the Directors' Forecasts, when taken as a whole, do not provide a reasonable basis for the preparation of the Directors' Forecasts.

The forecast Consolidated Statements of Financial Position and Consolidated Statement of Cash Flows are herein referred to collectively as the "Directors' Forecasts".

PKF Corporate holds the appropriate Financial Services Licence required by the Corporations Act 2001 for the issue of this report.

The terms used in this report have the same meaning as defined in the Prospectus.

This report does not form the basis of our independent expert's opinion with respect to the valuation of the TSV or a valuation of the share issue price of $0.20 per share nor does it address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment.

Basis of Preparation

The Directors' Forecasts are set out in Sections 8.1 and 8.2 of the Prospectus. The Directors are responsible for the preparation and presentation of the Directors' Forecasts, including the assumptions on which they are based and the sensitivities of the Directors' Forecasts to changes in key assumptions. The Directors' Forecasts reflects the Directors best estimate assumptions as to future events and actions which management expects to take place at the date that the information is prepared.

The Directors' Forecasts are based on numerous assumptions and are subject to significant uncertainties and contingencies, many of which are outside the control of TSV. Accordingly, actual results during the forecast period may vary materially from the Directors' Forecasts, as some events and circumstances may not occur as expected, or could not be reasonably foreseen. While evidence may be available to support the assumptions on which the Directors' Forecasts are based, such evidence is generally future orientated and therefore not capable of independent substantiation.

The sensitivity of the Directors' Forecasts to changes in key assumptions are set out in Section 8.7 of the Prospectus. The risks to which the business of TSV is exposed are detailed in Section 11 of the Prospectus. The Directors' Forecasts should be considered in conjunction with the analysis in these Sections.

Scope of Procedures

We have examined the Directors' Forecasts in accordance with Australian Auditing Standards applicable to review engagements. Our review was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". In conducting our review, (rather than an audit), of the Directors' Forecasts, we have considered the key requirements of AUS 804 "The Audit of Prospective Financial Information" when conducting our review. Our examination consisted of:

- enquires as to the methodology and process utilised in preparing the Directors' Forecasts;
- consideration and discussion with the Directors and Management of the TSV Companies of the evidence supporting the assumptions underlying the Directors' Forecasts;
- a review of the compilation of the Directors' Forecasts; and
- a review of the Directors' Forecasts as to whether they are presented in accordance with the assumptions stated in Section 8.

Opinion on Preparation

In our opinion the Directors' Forecasts have been properly prepared on the basis of the stated assumptions, and the Directors' Forecasts have been prepared on a basis consistent with TSV's accounting policies as disclosed in Section 7.3 of the Prospectus and in accordance with the measurement and recognition principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

Opinion on Assumptions

Based on our review, nothing has come to our attention, which causes us to believe that the assumptions, when taken as a whole, do not provide a reasonable basis for the preparation of the Directors' Forecasts.

Actual results are likely to be different from the Directors' Forecasts since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion, nor provide any guarantee as to whether the Directors' Forecasts will be achieved.

Independence

Neither PKF Chartered Accountants, PKF Corporate, (a wholly owned entity of PKF), nor the persons preparing this report have any interest in the securities of TSV, or any interests in the outcome of the Offer, or other interests that would be reasonably regarded as capable of affecting their ability to give an unbiased opinion, other than PKF Corporate is entitled to receive a fee of $18,000 (exclusive of GST) in connection with the preparation of this report and a fee of $7,500 (exclusive of GST) for the conduct of financial due diligence services, and PKF is entitled to receive a fee of $40,000 (exclusive of GST) in connection with the preparation of the Independent Accountant's Report at Section 9 of this Prospectus and for the conduct of tax due diligence services in connection with preparation of the Prospectus for which it will receive a fee of $9,200 (exclusive of GST). Neither PKF Corporate, PKF or the persons preparing this report are entitled to receive, or have received, other fees from TSV or the TSV Companies.

Subsequent Events

To the best of the knowledge and belief of PKF Corporate Advisory Services (Vic) Pty Limited, there have been no material items, transactions or events subsequent to the date of this report not otherwise disclosed in this report or the Prospectus that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

Yours faithfully

PKF Corporate Advisory Services (Vic) Pty Ltd

D J Garvey
Director

G Andreola
Director

11. INVESTMENT CONSIDERATIONS AND RISK FACTORS

In addition to the general risks attaching to any investment in shares or other securities, there are a number of industry specific and wider market risks that may affect the future operating and financial performance of TSV and the value of an investment in TSV.

Although TSV has significant experience in the sale, installation, maintenance and servicing of technology, sound and vision systems, there can be **NO GUARANTEE** that TSV will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

This Section describes certain specific, but not all, risks associated with an investment in TSV. Intending subscribers should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which TSV intends to operate before any decision is made to subscribe for Shares.

An investment in TSV should be regarded as speculative and the Shares allotted under this Prospectus carry **NO GUARANTEE** with respect to the payment of dividends, return of capital or market value. An investment in shares should generally not be considered a short-term investment. If you are in doubt about investing in shares, you should contact your stockbroker, financial planner, accountant, lawyer or other professional adviser prior to making any decision to invest.

- **General Economic Conditions** - changes in interest rates, relevant taxation and other legal regimes and Government policies may adversely affect TSV. Furthermore, the general Australian economic and political climate and other events are outside the control of TSV.
- **Foreign Exchange Rate Risk** - as TSV sources a number of its products from overseas suppliers, a proportion of its cost of goods sold is denominated in foreign currency. Fluctuations in the exchange rate between the Australian dollar and the relevant international currency may accordingly impact on the profitability of TSV. At this time, TSV does not undertake any foreign exchange hedging concerning such currency risks.
- **Share Market Performance** - regardless of the performance of TSV, the day to day performance of the share market and general share market conditions may affect TSV and its share price. The share market has in the past and may in the future be affected by various matters, including both economic and political conditions.
- **Accounting Policies** - may change over time. In particular, we expect that the adoption of International Accounting Standards in Australia may alter the treatment of some items in TSV's financial accounts (refer section 8.8).
- **Forecasts** - there can be no guarantee that the assumptions on which the financial forecasts are based and the business strategies of TSV, will ultimately prove to be valid or successful. The forecasts and business strategies depend on various factors, many of which are outside the control of TSV.
- **Capital Resources** - Directors expect that the proceeds of the Offer will provide sufficient capital resources to enable TSV to achieve its current business objectives. The Directors can give no assurance, however, that such objectives can be met without future financing or, if future financing is necessary, that it can be obtained on favourable terms.
- **Acquisitions** – following the Offer, TSV will have sufficient resources to seek expansion through acquisitions. Each proposed acquisition may affect the business structure and/or provide new business opportunities and challenges that may ultimately affect the performance of TSV. There can be no guarantee that TSV's plans to expand its business by acquisitions will be successful.
- **Competition** - competitive responses to TSV's product offerings may affect the future performance of TSV. Increased competition could result in price reductions, under-utilisation of personnel, reduced operating margins and loss of market share. However, the Directors of TSV believe that the established supplier and customer relationships will continue to provide some competitive advantage to TSV.
- **Reliance on Key Personnel** – TSV currently relies upon the skills of a number of key personnel. The future of TSV is dependent on its ability to both retain and attract qualified and experienced personnel. TSV has established a TSV ESOP and the employee loyalty plan (see section 13) to provide incentives for its key people. TSV's ability to retain the services of the key personnel or find timely replacement for the loss of such key personnel is important to its success.
- **Management of Growth** – TSV has experienced rapid growth since inception. To manage continued growth TSV will need to maintain efficient management and control of its operating systems, infrastructure and personnel. Failure to do so, could affect TSV's operations.
- **Information Technology Risk** – TSV will seek to maintain the quality and sufficiency of management, customer and stakeholder information through the use of conventional business and accounting software. Failure to maintain IT systems, recover from IT system failures or to manage business information may affect the performance of TSV.

- **Business Contracts** – TSV has many contracts with distributors, manufacturers/suppliers and customers. Many of these contracts were based on an initial performance period and some have subsequently rolled over after the initial term. Additionally, the completion under the Sale Agreement will involve a change of control. TSV would be adversely affected after the change of control if it was unable to maintain those customer relationships. TSV has not received any notice of termination of any of its contracts on the basis of the proposed change in control and has not received any notice that any other customer relationship will be discontinued as a result of this change. Investors should note that the HME Contract referred to in section 13 does include the right for HME to terminate the contract without the need to provide any cause on 90 days prior notice to TSV. No such notice has been given by HME and in the light of the existing relationship for over 3 years, the Directors have no reason to believe such a notice will be given by HME.
- **Technology** – TSV sells innovative products and will be affected by the price of and demand for alternative products. Technology is characterised by rapidly changing products, evolving industry standards and other product innovations. TSV is not primarily a technology developer. TSV has several product sources and varying products that meet a number of different customer requirements and price expectations.

The above list of risk factors is not exhaustive of the risks faced by TSV or investment considerations for an investor in TSV.

12. TAXATION CONSIDERATIONS

The following taxation summary provides a general overview of the Australian tax implications to Australian resident and non-resident investors who acquire and hold the Shares under the offer contained in this Prospectus. This summary is based on the tax laws of Australia as at the date of this Prospectus.

This summary is not intended to be a complete description of all the Australian tax considerations applicable to your investment. It is your responsibility to be satisfied as to the particular taxation treatment that applies to your investment. It is recommended that you seek independent professional advice with respect to the tax consequences applicable to your individual circumstances before investing.

The following discussion assumes you hold the Shares on capital account. A different treatment may apply if you hold the Shares on revenue account, for example if you are a share trader.

AUSTRALIAN INVESTORS

CAPITAL GAINS TAX

Australian income tax laws contain a capital gains tax ("CGT") regime. For CGT purposes, you acquire your Shares on the date the Shares are allocated to be issued or transferred to you. The cost base and reduced cost base of Shares acquired is generally the amount you pay to acquire the Shares and any associated costs (such as brokerage and stamp duty) that you incur.

Gains on the disposal of Shares will be subject to the CGT provisions. A capital gain will arise where the proceeds received exceed the cost base in the Shares. Conversely, you incur a capital loss where the proceeds received on disposal are less than the reduced cost base of the Shares.

Capital losses made in the same or prior years can typically be used to offset any capital gains. Any remaining net capital gains are included in assessable income and taxed as income. Individuals and trusts in certain circumstances may be entitled to a 50% discount on capital gains derived where they have held the Shares as a CGT asset for 12 months or more. Complying superannuation funds and life insurance companies holding the Shares as virtual pooled superannuation trust assets are entitled to a discount of 33.3%. Any discount would apply only after capital losses are first applied against the capital gain. Companies are not entitled to the discount.

STAMP DUTY

No stamp duty is payable on the issue pursuant to this Offer of Shares. Under current stamp duty legislation, no stamp duty would be payable on subsequent transfers of the Shares as long as the Shares remain quoted on the ASX.

TAXATION OF DIVIDENDS

Dividends paid to you will be included in your assessable income in the income year they are paid. Dividends you receive may be franked or unfranked. Franked dividends have "franking credits" attached and reflect the Australian corporate tax paid on the profits out of which the dividends are paid. The dividends and any franking credits attached should be included in your assessable income.

You will be entitled to a tax offset equal to the franking credits, provided you have held the Shares at risk for at least 45 days (excluding the dates of acquisition and disposal).

Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits. Companies are not able to claim a refund for excess franking credits.

Unfranked dividends will be included in your assessable income.

NON-RESIDENT INVESTORS

CAPITAL GAINS TAX

As a non-resident, you will generally not be subject to Australian CGT on disposal of the Shares unless you (and your associates) hold at least 10% of the Shares on issue at any time during the 5 years prior to disposal. In the event that the Shares are subject to CGT, the taxation consequences outlined above for an Australian resident will apply, subject to the application of any relevant Double Tax Agreement.

TAXATION OF DIVIDENDS

Dividends you receive will not be subject to dividend withholding tax to the extent the dividend is franked. However, dividend withholding tax may apply to that part of the dividend that is unfranked. Australia's dividend withholding tax rate is 30%, however this may be reduced (usually to 15%) under a Double Tax Agreement depending on the recipient's country of residence.

In addition, Australia has a foreign dividend account system which allows certain foreign dividends received in Australia to pass through Australia to foreign investors free from Australian dividend withholding tax.

Non-resident investors should consult their own tax advisor for the taxation implications in their own domestic jurisdiction of this offer.

13. ADDITIONAL INFORMATION

This additional information section of the Prospectus contains information which the Board considers material to the Offer regarding:

(a) Incorporation and history of the Company together with a summary of the rights attaching to the Shares;

(b) The Corporate Governance Policies adopted by the Company;

(c) The terms for the Acquisitions under the Sale Agreements;

(d) The terms of the Underwriting Agreement together with the voluntary escrow arrangements entered into by the Existing Shareholders at the request of the Underwriter;

(e) Certain material agreements relating to TSV Holdings or its operations;

(f) TSV Holdings' employee option and share plans (as adopted prior to the date of this Prospectus); and

(g) The interests of, and consents of, the directors, advisers and generally the costs of the Offer.

13.1 COMPANY INFORMATION

13.1.1 INCORPORATION:

TSV Holdings was incorporated on 2 March 2004 as "Tecsound Holdings Limited" and changed its name to "TSV Holdings Limited" on 14 July 2004. The Company was incorporated to enter into the Sale Agreements and to complete the Acquisitions as described in section 13.3 below.

13.1.2 RIGHTS ATTACHING TO SHARES:

The Shares offered under this Prospectus are fully paid ordinary shares in the capital of TSV Holdings. A summary of the more significant rights attaching to the Shares (taken from the Constitution) is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of TSV members. To obtain such a statement, applicants should seek independent legal advice.

- **Ranking** - The Shares will be ordinary shares and will rank equally in all respects with the ordinary shares in TSV on issue prior to the date of this Prospectus.
- **Reports and Notices** - Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution of TSV and the Corporations Act.
- **General Meetings** - Subject to any preferential or special rights attaching to any shares that may be issued by TSV in the future, members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of TSV. Members may requisition general meetings in accordance with the Corporations Act and the Constitution of TSV.
- **Voting** - At a general meeting of TSV every ordinary member present in person, or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.
- **Reduction of Capital** - Subject to the Corporations Act and Listing Rules, TSV may resolve to reduce its share capital by any lawful manner as the directors may approve.
- **Winding Up** - Members will be entitled in a winding up to share in any surplus assets of TSV in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.
- **Transfer of Shares** - Shares in TSV may be transferred in any form authorised by the Corporations Act or approved by the directors and in the manner prescribed by the Constitution of TSV, the Corporations Act, the Listing Rules or the *SCH Business Rules*. The directors may subject to the Listing Rules and the *SCH Business Rules*, request the SCH to place a holding lock to prevent any SCH transfer of shares. The directors may refuse to register a paper based transfer of a share in particular circumstances. If the directors decline the registration of a transfer, TSV must within seven business days, or any other period prescribed by the Listing Rules, after the transfer is lodged, give the party lodging the transfer written notice of the refusal setting out reasons for the refusal.
- **Issue of Further Shares** - The directors control the allotment, issue, grant of options in respect of and disposal of shares. Subject to restrictions on the allotment of shares and grant of options to directors or their associates and the Corporations Act, the directors may allot, grant options or otherwise dispose of shares on such terms and conditions as they see fit.

- **Takeover Approval Provisions** - Any proportional takeover scheme must be approved by those members holding shares included in the class of shares in respect of which the offer to acquire those shares was first made. The registration of the transfer of any shares following the acceptance of an offer made under a scheme is prohibited until that scheme is approved by the relevant members.
- **Application of Listing Rules** – On admission to the Official List of the ASX then, despite anything in the Constitution of TSV, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require a constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

13.1.3 THE COMPANY'S TRADE MARKS:

The Company has filed Trade mark applications with a priority date of 2 July 2004 in Australia for '**TSV**' (letters only), and the '**TSV**' (logo).

13.1.4 DIVIDENDS:

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, the operating results, financial condition and capital requirements of the Company, general business conditions and such other factors as the Directors consider relevant.

13.1.5 LITIGATION:

There is no litigation commenced or threatened which may significantly affect the Company or its activities.

13.2 CORPORATE GOVERNANCE POLICIES

The directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its members. The Company supports the core principles and best practice recommendations as published by the ASX Corporate Governance Council and will report by reference to them.

The Board believes that the structure of the Company, its management and business practices provide a basis of governance which seeks to comply with the spirit of the essential values articulated by the ASX in the Principles of Good Corporate Governance and Best Practice Recommendations.

One of the key objectives of the Board is to ensure timely, transparent and accurate communication with all members and compliance with all regulatory requirements. To this effect the Board has established a number of Committees.

13.2.1 BOARD CHARTER

The Board has established the Corporate Governance Charter to provide a basis for the good governance of the Company and operates in conjunction with the Constitution of the Company and relevant laws.

The Board is comprised of a minimum of 3 and a maximum of 8 Directors. Where more than 4 directors are appointed, the Board shall always contain a majority of independent non-executive Directors. The Chairman of the Board is to be an independent non-executive Director.

13.2.2 AUDIT AND RISK COMMITTEE

The members of this Committee are Mr David Lightfoot (Chairman), Mr Hilary Evans and Mr David Carter. The Chairman of the Committee is appointed by the Board and will be a Non-Executive Director who is not the Chairman of the Board

The Audit and Risk Committee is a Committee established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its Statutory reporting requirements. It does not have any executive powers to commit the Board or management to their implementation, is not responsible for supervising the performance of executives and is not to become involved in day-to-day operations, management functions or decision making.

The Board believes that it has a responsibility to ensure independent accountability exists. The focus of the activities of this Committee is to advise and to assist the Board on the establishment and maintenance of a framework of risk management and to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal/regulatory compliance and quality and reliability of financial reporting.

13.2.3 NOMINATION AND REMUNERATION COMMITTEE

The members of this Committee are Mr David Carter (Chairman), Mr Hilary Evans and Mr David Lightfoot.

The Nomination and Remuneration Committee was established by the Board to review the composition of the Board, to ensure that the Board has an appropriate mix of expertise and experience and to assess and review the performance / remuneration of the directors and executives of the Company.

13.2.4 SHARE TRADING POLICY

The Board of Directors of TSV Holdings has adopted a policy which it believes to be prudent regarding the buying and selling of the Company's securities, and communication of inside information by directors, officers and other employees.

13.3 THE ACQUISITIONS

The Company has entered into two Sale Agreements for the purchase of all of the issued share capital of Tecsound (NSW) Pty Ltd and Tecsound (Vic) Pty Ltd. **The Company will complete the Acquisitions under the Sale Agreements prior to any allotment of Shares under this Prospectus.**

An outline of the material terms of those Sale Agreements follow.

13.3.1 SALE AGREEMENT – TECSOUND (VIC) PTY LTD

Pursuant to an agreement between the Company and Mr Hilary Maurice Evans, Mr Gregory Noel Eva and Mr Ivo Konopcik (**Vendors**) dated 17 May 2004, as varied by a Deed of Variation dated 8 July 2004 (**Deed**), the Company agreed to acquire 100% of the shares in Tecsound (Vic) Pty Ltd (**Agreement**). The shares in Tecsound (Vic) Pty Ltd are to be transferred with the Company being entitled to all of the benefits and rights, including dividend and voting rights, attached or which accrue to these shares on or after 1 July 2004.

As consideration for the acquisition of the shares of Tecsound (Vic) Pty Ltd (**Tecsound Vic Acquisition**) the Company must pay the following Purchase Price:

(a) allot to the Vendors 7,500,000 ordinary shares in the capital of the Company;

(b) pay to the Vendors a cash amount of $1,800,000 which includes reimbursement for additional stock purchase made by the Vendors during the transaction process.

The Vendors have warranted to the Company that:

(a) they are the sole legal and beneficial owner of the shares in Tecsound (Vic) Pty Ltd, free of any encumbrances;

(b) they have full power to transfer the legal and beneficial ownership of the shares in Tecsound (Vic) Pty Ltd to the Company; and

(c) the shares the subject of the Agreement (and the Deed) constitute all of the shares in Tecsound (Vic) Pty Ltd,

Each Vendor has entered a restrictive covenant under which he agrees he must not in any capacity including on its own account or as a member, shareholder, unitholder, joint venturer, trustee, principal, agent or in any other way or by any other means:

(a) for a period of up to 5 years from the date of completion under the Sale Agreement (**Restraint Period**) and in respect of a maximum area being Australia (**Restraint Area**) participate in, be interested in, assist with or otherwise be directly or indirectly involved, engaged, concerned or interested in a business, activity or operation that is the same as, substantially similar to, or competitive with, the Tecsound (Vic) Pty Ltd business or any material part of it (**Restrained Business**);

(b) during the Restraint Period, solicit, canvas, approach or accept an approach from any person who is at the Transfer Date, or was at any time during the 12 month period ending on the Transfer Date, a customer or supplier of the Tecsound (Vic) Pty Ltd business or Tecsound (Vic) Pty Ltd with any purpose of obtaining the custom or services of that person in a Restrained Business; or

(c) during the Restraint Period, represent itself as being in any way connected with, interested in or associated with the Tecsound (Vic) Pty Ltd business or Tecsound (Vic) Pty Ltd (except as its proprietor before the Transfer) or any business or activity conducted by the Company.

The restrictions as to Restraint Period and the Restraint Area vary between Mr Hilary Evans, Mr Gregory Eva and Mr Ivo Konopcik. Mr Hilary Evans has agreed to a maximum restraint period of 5 years throughout Australia, whereas Mr Gregory Eva and Mr Ivo Konopcik have agreed to a maximum restraint period of 1 year only in Victoria.

13.3.2 SALE AGREEMENT – TECSOUND (NSW) PTY LTD

Pursuant to an agreement between the Company and Mr Ian Richard McLean (**Vendor**) dated 18 May 2004 (**Agreement**), as varied by a Deed of Variation dated 8 July 2004, the Company agreed to acquire 100% of the shares in Tecsound (NSW) Pty Ltd. The shares in Tecsound (NSW) Pty Ltd are to be transferred with the Company being entitled to all of the benefits and rights, including dividend and voting rights, attached or which accrue to these shares on or after 1 July 2004.

As consideration for the acquisition of the shares of Tecsound (NSW) Pty Ltd (**Tecsound NSW Acquisition**) the Company must:

(a) pay the following Purchase Price,

(i) pay to the Vendor the cash amount of $528,500; and

(ii) allot to the Vendor (or nominee) 875,000 ordinary shares in the capital of the Company, and

(b) procure that the loan of $190,500 (plus interest) owed by Tecsound (NSW) Pty Ltd to an entity related to the Vendor is repaid by Tecsound (NSW) Pty Ltd.

The Vendor has warranted to the Company that:

(a) it is the sole legal and beneficial owner of the shares in Tecsound (NSW) Pty Ltd, free of any encumbrances;

(b) it has full power to transfer the legal and beneficial ownership of the shares in Tecsound (NSW) Pty Ltd to the Company; and

(c) the shares the subject of the Agreement constitute all of the shares in Tecsound (NSW) Pty Ltd.

The Vendor has entered a restrictive covenant under which he agrees he must not in any capacity including on its own account or as a member, shareholder, unitholder, joint venturer, trustee, principal, agent or in any other way or by any other means:

(a) for a period of up to 5 years from the date of completion under the Sale Agreement (**Restraint Period**) and in respect of a maximum area being Australia (**Restraint Area**) participate in, be interested in, assist with or otherwise be directly or indirectly involved, engaged, concerned or interested in a business, activity or operation that is the same as, substantially similar to, or competitive with, the Tecsound (NSW) Pty Ltd business or any material part of it (**Restrained Business**);

(b) during the Restraint Period, solicit, canvas, approach or accept an approach from any person who is at the Transfer Date, or was at any time during the 12 month period ending on the Transfer Date, a customer or supplier of the Tecsound (NSW) Pty Ltd business or Tecsound (NSW) Pty Ltd with any purpose of obtaining the custom or services of that person in a Restrained Business; or

(c) during the Restraint Period, represent himself as being in any way connected with, interested in or associated with the Tecsound (NSW) Pty Ltd business or Tecsound (NSW) Pty Ltd (except as its proprietor before the Transfer) or any business or activity conducted by the Company.

13.4 UNDERWRITING OF THE ISSUE

13.4.1 UNDERWRITING AGREEMENT

TSV Holdings has entered into the Underwriting Agreement with Lodge Partners Pty Ltd (**Underwriter**). Pursuant to the terms of the Underwriting Agreement, the Underwriter has agreed to underwrite the full amount of the Issue on the terms and conditions set out in the Underwriting Agreement and has reserved the right to appoint sub-underwriters on such terms and conditions as it determines in its absolute discretion.

The Underwriting Agreement contains standard provisions relating to preparation and lodgement of the Prospectus and that the Prospectus must comply with the Listing Rules, the Corporations Act and the law of all relevant jurisdictions in which the Prospectus is to be issued or the offer of securities pursuant to the Issue is to be made.

The Company indemnifies the Underwriter, its related bodies corporate and each of the directors, officers, employees and agents against any material claim, judgement, damage, loss, expense or liability incurred or suffered by the Underwriter in connection with or resulting from any misleading or deceptive statement in or any omission from the Prospectus of the material required by the Corporations Act, or any misleading or deceptive statement in or any omission from any announcement, advertisement or publicity in relation to the Prospectus or the offer made or distributed by the Company or made or distributed by the Underwriter with the consent of the Company, or any non-compliance by the Company with the Corporations Act, the Listing Rules or any other legal obligation in relation to the offer or the prospectus.

The Underwriting Agreement provides for payment of Underwriting fees in the amount of $325,000 (exclusive of GST) to the Underwriter within 5 Business Days after Quotation has occurred, which is conditional upon the raising of the Underwritten Amount by the Underwriter and the Underwriter complying with its obligations to underwrite any shortfall on the Issue. The Underwriter has also been issued 750,000 options to purchase Shares, as detailed in section 13.7.9.

The Underwriting Agreement sets out a series of termination events. The Underwriter may by written notice to the Company, terminate its obligations under the Underwriting Agreement at any time up to 5pm on the Closing Date after the happening of any one or more of the termination events as specified in the Underwriting Agreement, including:

- the Company commits any material breach of the Underwriting Agreement and the breach is not remedied within 7 days of a receipt of a notice of default from the Underwriter;
- the All Ordinaries Index of the ASX is at the close of trading for 5 consecutive Business Days at a level which is 10% or more below the level at close of trading on the ASX on the day before the date of the Underwriting Agreement;
- any law or regulation is introduced into the Parliament of the Commonwealth of Australia or the legislature of any State or Territory of Australia (other than a law or regulation which was officially announced before the date of this Agreement) which would have a material adverse effect on the financial position or prospects of the Company, or on the success of the Issue;
- the Underwriter becomes aware of any information in the Prospectus which is untrue, incorrect or misleading in its content in a material way or the Underwriter becomes aware of any material omission or non-disclosure therein or there is made public any item, transaction or event of a material nature not previously made public, which, in the Underwriter's reasonable opinion, could reasonably be expected to affect adversely in a material way:
  - from the Underwriter's perspective, the outcome of the Underwriting of the Issue; or
  - the financial position or prospects of the Company;
- a stop order or notice of intention to hold a hearing is issued by the ASIC in relation to the Prospectus or any supplementary or replacement prospectus relating to the Prospectus, in accordance with section 739 of the Corporations Act and is not dismissed or withdrawn by the Closing Date;
- a supplementary prospectus or replacement prospectus is required to be lodged under the Corporation Act in relation to the Issue containing any information that is materially adverse from the perspective of the Underwriter or potential subscribers to the Issue;
- any person (except the Underwriter) who consented to the issue of the Prospectus withdraws that consent;

- a material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from that disclosed in the Prospectus, including:
  - a material adverse change in the earnings, future prospects or forecasts of the Company; or
  - a material adverse change in the nature of the business conducted, or to be conducted, by the Company; or
- the insolvency or voluntary winding up of the Company or the appointment of any receiver, receiver and manager, liquidator or other external administrator.

If the Underwriter terminates the Underwriting Agreement, the Company is not liable to pay the Underwriter's fees of $325,000 but remains liable to pay all reasonable costs and disbursements incurred by the Underwriter in connection with the Issue and remains liable to indemnify the Underwriter in the manner specified above.

13.4.2 VOLUNTARY ESCROW AGREEMENTS

In addition, as a condition of the Underwriter entering into the Underwriting Agreement, the Company has required all of the Existing Shareholders to enter into voluntary escrow arrangements from the date of quotation of the Shares on the official list of the ASX:

(a) in the case of the Vendors (or nominee) 50% for 12 months and 50% for 24 months; and

(b) in the case of all other Existing Shareholders, 50% for 3 months and 50% for 12 months.

13.5 OTHER MATERIAL OPERATIONAL CONTRACTS

The Company has entered into the following agreements which in the Board's opinion are material to the Offer.

13.5.1 COLES MYER SUPPLY CONTRACT

On 25 July 2003 Tecsound (Vic) Pty Ltd executed a supply agreement with Coles Myer Limited. That agreement provides:

- Tecsound (Vic) Pty Ltd is to supply goods from time to time at prices set for the term to Coles Myer and a number of its related companies for an initial period of 24 months. Coles Myer may, at its option, extend the supply agreement by giving notice at least 30 days prior to the end of the initial term;
- The supply agreement specifies an estimated volume (without obligation) of purchases of wall, horn and ceiling speakers, amplifiers; mixers; intercoms; cabling; remote controls; microphones; batteries and battery chargers; UHF wireless radio microphones; portable public address systems; equipment racks; control panels; monitoring panels; digital message units; music receivers; DVD & CD players; aerials and installation for the preceding items across the following stores Coles Supermarkets; Bi-Lo Supermarkets; Kmart; Target; Target Country and Officeworks. Service call rates are also specified;
- Either party may terminate the supply agreement if:
  - the other party has failed to perform or observe any obligation and has not rectified such failure 14 days after receiving notice; or
  - there is any material change in the direct or indirect beneficial ownership or control of Tecsound (Vic) Pty Ltd which, in the rea sonable opinion of Coles Myer will affect Tecsound (Vic) Pty Ltd's ability to perform its obligations under the Supply Agreement. Tecsound (Vic) Pty Ltd has notified Coles Myer of the proposed change in control and Coles Myer has confirmed that it does not object to the change and has no intention of terminating the supply agreement; or
  - any of the usual insolvency circumstances apply to the assets or business of Tecsound (Vic) Pty Ltd; or
  - Coles Myer materially changes its specifications for the goods;
- Where the goods have been designed and/or developed by Coles Myer, all intellectual property rights in the goods shall be owned by Coles Myer. Where both Coles Myer and Tecsound (Vic) Pty Ltd have been involved in the design and/or development of the goods, all intellectual property rights in the goods shall be jointly owned according to their relative involvement;
- Tecsound (Vic) Pty Ltd is precluded from sub-contracting any of its obligations under the supply agreement to any third party without the prior written consent of Coles Myer;
- Tecsound (Vic) Pty Ltd is obliged to ensure that it has at all times stock holdings of the goods to enable it to comply with the terms of any purchase orders for goods placed by Coles Myer, however Coles Myer is under no obligation or liability to purchase any goods until it has placed each order with Tecsound (Vic) Pty Ltd;
- Tecsound (Vic) Pty Ltd warrants that the goods are new, of merchantable quality, fit for the purpose made known by Coles Myer or commonly supplied, comply with the law of the country in which they are manufactured, Australia and any relevant State, correspond to samples and the Specifications;
- Tecsound (Vic) Pty Ltd indemnifies Coles Myer against all losses costs and expenses, property damage and personal injury incurred or claimed against Coles Myer directly or indirectly in relation to:
  - a breach of warranty by Tecsound (Vic) Pty Ltd, a claim that the goods infringe another persons intellectual property rights, trade practices legislation, a defect in the goods; or
  - caused or contributed by any act or neglect of Tecsound (Vic) Pty Ltd, its contractors, agents in relation to the manufacture, supply, installation, servicing of the goods or the performance of the Agreement.

13.5.2 HME CONTRACT

Tecsound (Vic) Pty Ltd entered a distribution agreement with HM Electrics Inc. ("**HME**") dated 1 January 2002. The key features of that distribution agreement may be summarised as follows:

- HME has granted to Tecsound (Vic) Pty Ltd the exclusive right to distribute and sell HME digital products within Australia for an initial term of 2 years, which has been extended to 1 July 2006;
- Tecsound (Vic) Pty Ltd shall not assign, sublicense or otherwise transfer distribution rights to any person or entity without the express written consent of HME;
- Tecsound (Vic) Pty Ltd has agreed to use its best efforts to promote, market and sell the products;
- Tecsound (Vic) Pty Ltd acknowledges HME's exclusive right, title and interest in and to the use of trademarks and trade name;
- Upon the happening of any of the following events, HME shall have the right to end the distribution agreement immediately:
  - any failure by Tecsound (Vic) Pty Ltd to make any payment or any other failure by Tecsound (Vic) Pty Ltd to do any of its duties or obligations under the distribution agreement;
  - any voluntary or involuntary bankruptcy, receivership, liquidation or ownership transfer of Tecsound (Vic) Pty Ltd. Tecsound (Vic) Pty Ltd has obtained the written consent of HME to the change of ownership of Tecsound (Vic) Pty Ltd as detailed in this Prospectus;
  - any inability or failure of Tecsound (Vic) Pty Ltd to pay its debts and obligations as and when due and payable;
  - any misconduct by Tecsound (Vic) Pty Ltd that in the opinion of the management of HME might tend to injure the reputation of business of HME if not cured within 30 days after notice thereof;
  - any failure by Tecsound (Vic) Pty Ltd to comply with any reasonable and authorised directions given to Tecsound (Vic) Pty Ltd by HME; and
  - any involvement of Tecsound (Vic) Pty Ltd with a product or line of products which HME will deem competitive;
- Other than for those reasons stipulated above, the distribution agreement may be terminated at will by either party upon the giving of not less than 90 days prior written notice;
- Tecsound (Vic) Pty Ltd's exclusive remedy and HME's exclusive liability for any claim for loss, damage or destruction arising out of or connected with or resulting from any discrepancy in the shipment made by HME to Tecsound (Vic) Pty Ltd under the distribution agreement shall be limited to the replacement of any non-conforming products shipped by HME to Tecsound (Vic) Pty Ltd. HME shall have reasonable time to replace any products, including time to manufacture replacement products; and
- In no event will HME be liable for any incidental or consequential damages, loss of profits suffered or incurred by Tecsound (Vic) Pty Ltd as a result of or in connection with any breach of the Distribution Agreement by HME or any tort committed by HME in connection with the distribution agreement.

13.5.3 EMPLOYMENT AGREEMENTS – MR HILARY EVANS AND MR DAVID BANCELL

Tecsound (Vic) Pty Ltd entered into an employment contract with Mr Hilary Evans dated 28 May 2004 and Tecsound (NSW) Pty Ltd entered into an employment contract with Mr David Bancell dated 16 June 2004 (each referred to in this section as the "**Employee**"), appointing Mr Evans as the Managing Director for a term of 3 years commencing 27 July 2004 and Mr David Bancell confirming his position as General Manager of Tecsound (NSW) Pty Ltd at least until 2008. The key features of each employment contract may be summarised as follows:

- In addition to the annual salary, Mr Evans is also entitled to a cash bonus calculated on a proportional basis in relation to the extent the Company exceeds its forecast NPAT (described section 8 of this Prospectus) to a maximum of $50,000. Mr Bancell is entitled to a similarly determined bonus, to a maximum of $25,000;
- The Employee's employment may be terminated by giving 6 months written notice to the Employee or payment to the Employee of an amount equal to the remuneration the Employee would have earned if the Employee had been given the relevant period of notice;
- The Employee's employment may be terminated immediately without notice (or payment in lieu of notice) if the Employee:
  - has committed a serious breach, or persistently is in breach of any of the conditions of employment;
  - commits a serious misconduct;
  - refuses to comply with a reasonable, lawful direction given to him;
  - has acted fraudulently or dishonestly; or
  - is intoxicated at work to the extent that the Employee cannot perform his duties;
- The Employee may terminate the employment by giving a period of notice of 6 months in writing. Failure to give such notice entitles the employer to deduct from any monies owing to the Employee an amount representing the number of weeks or days of the notice period the Employee did not work;
- In addition to salary and other employment related benefits, the Employee is entitled, subject to the approval of the employer, to participate in the Employee Share Option Plan ("**TSV ESOP**") and the General Employee Share Plan ("**GESP**"), each detailed at section 13.6 of this Prospectus;
- During the term of employment the Employee shall show the utmost good faith in performance of duties and exercise of powers in promoting the interests and welfare of the employer and any related entity; and

- The Employee is restricted both during his employment for between 3 and 12 months after termination of his employment, in various Australian States, from being directly or indirectly engaged, concerned or interested in, or advise upon in any capacity any operations as an import distribution and service business or any operation of a like or similar kind to that engaged by the employer.
- Each Employee is eligible for the TSV ESOP. However, Mr Evans has no TSV Options allocated to him at this time, but Mr Bancell has been granted 250,000 options under the TSV ESOP.

13.5.4 DEEDS OF INDEMNITY, INSURANCE AND ACCESS

TSV Holdings has entered into a deed of indemnity, insurance and access with each of its directors on usual commercial terms.

13.6 EMPLOYEE OPTION AND SHARE PLANS

The Company has adopted both an employee option plan plus an employee loyalty share plan. Details of each plan are summarised below.

13.6.1 EMPLOYEE OPTION PLAN

TSV Holdings has implemented an Employee Share Option Plan ("**TSV ESOP**") which stipulates that subject to the Listing Rules, the Board may from time to time in its absolute discretion, grant options to eligible participants as declared by the Directors in their discretion.

Where the Company receives a completed application for options in accordance with the requirements of the TSV ESOP it must, subject to the Listing Rules, grant the relevant number of options to the option holder and issue the option holder with an option certificate in respect of the options. Upon valid exercise of the options, the Company must allot and issue to the option holder the number of Shares which corresponds with the number of options being exercised and apply for official quotation of those Shares on the ASX within 15 Business Days after the date the options are duly exercised and the Exercise Price is paid.

The option will expire immediately on the occurrence of any of the following:

- should any person cease to be an employee due to consistent or material default of the terms of their employment/engagement with the Company, all options granted to them pursuant to the TSV ESOP are deemed to lapse upon the cessation of their employment;
- should any person cease to be an employee due to retirement, all options granted to them pursuant to the TSV ESOP are deemed to expire 90 days after the employee retires;
- should any person cease to be an employee because the employee dies or becomes totally and permanently disabled all options granted to that employee pursuant to the plan are deemed to expire 120 days after their death or total and permanent disablement;
- should any person cease to be an employee by reason of that employee providing the Company notice of resignation of their employment in accordance with the agreed terms of employment (Termination Notice), the applicable options granted to that Employee pursuant to the TSV ESOP are deemed to expire on the date of the Termination Notice if that notice is provided during a period of 24 months from the date an option is issued pursuant to the TSV ESOP;
- if a Termination Notice is provided during the 12 months following the period of 24 months from the date an option is issued pursuant to the TSV ESOP then the applicable options may only be exercised, and are otherwise deemed to expire, as follows:
  - as to 50% upon the expiration of 12 months from the date of the provision of the Termination Notice (if they are not exercised within this period); and
  - as to the remaining 50% upon the expiration of 24 months from the date of the provision of the Termination Notice (if the remaining 50% are not exercised between 12 and 24 months after the date of the provision of the Termination Notice); and
- if the Termination Notice is provided more than 12 months following the period of 24 months from the date an option is issued pursuant to the TSV ESOP, then the applicable options may only be exercised before, and are otherwise deemed to expire upon, 90 days after the provision of the Termination Notice;

Provided the Employee is not in material default of the terms of his or her employment at the time of the cessation or has not consistantly been in default of the terms of their employment whilst employed.

Options not exercised on or before 5.00pm on the Expiry Date under the plan automatically lapse.

An option holder may only exercise options during the period which the Company is admitted to the official list of ASX.

An option can only be exercised after a period of 24 months from the date the option is issued pursuant to the TSV ESOP. After this period, the Employee can exercise up to 50% of the options that Employee has held for at least 24 months. After a further 12 months after the stipulated period, the Employee can exercise all of the options that Employee holds (so long as all of those options have been held for 36 months or more).

Where at the commencement of this plan an Employee has been employed continuously by the Company and previously either in the Tecsound Vic or Tecsound NSW businesses for a period in aggregate of 2 years or more, then that Employee may exercise his or her options as follows:

- up to one third of the options held for 12 months after the issue of the options may be exercised after that 12 month period, and

- up to an aggregate of two thirds the options held for 24 months after the issue of the options may be exercised after that 24 month period, and
- at least 36 months from the commencement of this TSV ESOP must elapse before that Employee may exercise all of its options held for that 36 month period.

Any options that remain unexercised at the time of a bonus issue by the Company, confers on the option holder the right to receive, on exercise of those outstanding options, not only one Share for each of the outstanding options exercised but also the additional Shares and/or other securities the option holder would have received had the option holder participated in that Bonus Issue as a holder of Shares of a number equal to the Shares that would have been allotted to the option holder had the option holder exercised those outstanding options immediately before that Bonus Date.

Any Shares issued pursuant to any exercise of options rank equally in all respects with other Shares of the Company on issue at the Issue Date.

13.6.2 GENERAL EMPLOYEE SHARE PLAN ("GESP")

The Company has adopted a general employee share plan to reward loyalty. Key terms include:

- The GESP will commence on such date as the Board may determine and may be terminated or suspended at any time by a resolution of the Board provided that such termination or suspension will not affect the rights or obligations of employees who were issued Shares prior to that termination or suspension;
- The GESP may be amended by resolution of the Board provided there is no reduction of rights of employees in respect of Shares issued under the GESP ("**GESP Plan Shares**") except where the amendment is to correct any manifest error or mistake, to ensure compliance with law or the ASX Listing Rules or (subject to the ASX Listing Rules) where the Company provides appropriate compensation to the relevant participating employee so that the employee is no worse off than before the amendment;
- The GESP is administered by the Board;
- Under the GESP, the Company may from time to time commencing 12 months after the Company's Shares are listed on the ASX, offer GESP Plan Shares to eligible fulltime or permanent part-time employees of the TSV Group;
- Under the GESP the Company may make an offer of GESP Plan Shares for no consideration (an "Offer");
- If the Board proposes to make an Offer, the maximum number of GESP Plan Shares which an employee will be invited to receive will, at the discretion of the Board, be that number of Shares which at the weighted average Share price prior to their issue, is in aggregate equal to $1,000;
- GESP Plan Shares will rank equally with the Shares; and
- Employees who receive GESP Plan Shares will not be entitled to sell or transfer those Shares until the earlier of the end of three years from the date of acquisition of the Shares, or the time at which that person ceases to be an employee of the TSV Group.

13.7 INTERESTS OF, AND CONSENTS OF, THE DIRECTORS AND ADVISERS

13.7.1 RESPONSIBILITY FOR AND CONSENTS TO THE ISSUE OF THE PROSPECTUS

The Company has authorised and caused the issue of this Prospectus. The Company and the Directors are wholly responsible for its contents. None of the parties referred to below has made, or has purported to make, any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of these parties, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than a reference to its name and a statement or report included in this Prospectus with the consent of that party as specified below.

PKF Chartered Accountants

PKF Chartered Accountants has given and not withdrawn its written consent to being named as Auditor and Independent Accountant for TSV in the Prospectus in the form and context in which it is named and the issue of the Prospectus with its:

- Independent Accountant's Report dated 16 August 2004 in the form and context in which it is included and with all references to that report in the Prospectus including references in sections 7 and 8 of the Prospectus to PKF and its Independent Accountant's Report being included in the form and the context in which those references are included; and
- notes to (potential) shareholders regarding Australian tax considerations in the form and context in which they are included in section 12 of the Prospectus.

PKF has only participated in the preparation of the Prospectus to the extent of:

- preparing its Independent Accountants Report and notes to (potential) shareholders regarding Australian tax considerations described above;
- has only authorised or caused the issue of those parts of the Prospectus which contain its report or the tax notes; and
- was not involved in the preparation of any other part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

Except as provided above PKF Chartered Accountants does not make, or purport to make, any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, and takes no responsibility for any statement in or omitted from this Prospectus.

PKF Corporate Advisory Services (Vic) Pty Ltd

PKF Corporate Advisory Services (Vic) Pty Ltd has given and not withdrawn its written consent to:

- being named for preparing the Independent Review Report on the Directors' Forecast included in the Prospectus in the form and context in which it is named;
- the issue of the Prospectus with its Independent Review Report on the Directors' Forecast included in the Prospectus dated 18 August 2004 in the form and context in which it is included and with all references to that report in the Prospectus including the references in section 8 of the Prospectus and its Independent Review Report on the Directors' Forecast being included in the form and the context in which those references are included;

PKF Corporate Advisory Services (Vic) Pty Ltd has only participated in the preparation of the Prospectus to the extent of:

- preparing its Independent Review Report on the Directors' Forecast included in the Prospectus;
- has only authorised or caused the issue of those parts of the Prospectus which contain its report; and
- was not involved in the preparation of any other part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

PKF Corporate Advisory Services (Vic) Pty Ltd specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in the Prospectus.

Tooronga Corporate Finance Pty Ltd

Tooronga Corporate Finance Pty Ltd (**TCF**) has given and not withdrawn its written consent to:

- being named for acting as financial adviser to the Company in relation to this Prospectus in the form and context in which it is named;
- being named for acting as financial adviser to Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd as referred to in this Prospectus in the form and context in which it is named; and
- the issue of the Prospectus in the form and context in which it is included and with all references to it including the form and the context in which those references are included.

TCF has only participated in the preparation of the Prospectus to the extent of acting as financial adviser to the Company in relation to this Prospectus in the form and context in which it is named and acting as financial adviser to Tecsound (Vic) Pty Ltd and Tecsound (NSW) Pty Ltd in the form and context in which it is named.

TCF was not involved in the preparation of any other part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

Jason D'Arcy – Company Secretary and Chief Financial Officer

Jason has been granted for nominal consideration 375,000 options with an exercise price per option of 24 cents and an exercise period of five years.

Computershare Investor Services Pty Limited

Computershare Investor Services Pty Limited has given and not withdrawn its written consent to be named herein as the share registry to TSV in the form and context in which they are so named. Computershare Investor Services Pty Limited has had no involvement in the preparation of this Prospectus and has not given any professional or other advice in respect of any other part thereof. Computershare Investor Services Pty Limited does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

Middletons Lawyers

Middletons have given and not withdrawn their written consent to be named herein as legal advisors to TSV in the form and context in which they are so named. Middletons does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

Lodge Partners Pty Ltd

Lodge Partners Pty Ltd have given and not withdrawn their written consent to be named herein as the Underwriter for the Offer in the form and context in which they are so named.

13.7.2 COSTS

Except as otherwise set out below, no expert or professional adviser named herein now has or during the last two years has had any interest in the promotion of TSV, or any property proposed to be acquired by TSV in connection with its formation or promotion or the Offer.

Further, no sums have been paid or agreed to be paid for services rendered by the expert or professional adviser in connection with the promotion or formation of TSV or the Offer save and except as set out below:

- In accordance with the terms of their engagement, PKF Chartered Accountants and PKF Corporate Advisory Services (Vic) Pty Limited have prepared the Investigating Accountant's Report Independant Review Report on the Directors Forecast and the tax notes as contained herein and which form part of this document. In aggregate, PKF will be paid $74,700 for services performed up to the date hereof:

- In accordance with the terms of their engagement, following the IPO, TCF will be paid $199,000 in cash success fees for acquisition related services and will be issued 750,000 ordinary fully paid Shares at a price of $0.20 per Share. TCF was also engaged by TSV Holdings to provide financial advisory services in relation to the IPO. TCF has been paid $37,500 in cash during the IPO preparation and received 3,690,000 Shares for these services. TCF's professional fees are exclusive of GST;
- In accordance with the terms of its engagement, Middletons Lawyers for TSV has received 200,000 shares (which at the issue price equates to $40,000) and will be paid cash of $70,000 (excluding GST) for services provided in connection with this Offer.
- In accordance with the terms of its engagement, Commander Pacific Corporation Pty Ltd [a company controlled by Mr Edward Scott] has provided consulting services to TSV to project manage and assist in the IPO process. In aggregate, Commander Pacific will be paid $105,000 (GST inclusive) in respect thereof. In addition, Continuum Asset Management Pty Ltd [a company associated with Mr Edward Scott and Commander Pacific Corporation Pty Ltd] has been issued 3.315 million shares at an issue price of 1 cent each in TSV Holdings.
- The Underwriter will receive a commission of $325,000 from the amount raised under this Prospectus together with reimbursement of certain other underwriting expenses as referred to in the Underwriting Agreement and 750,000 options as disclosed in Section 13.7.9.

13.7.3 DIRECTORS' SHARE QUALIFICATIONS, REMUNERATION AND INTERESTS

Except as disclosed in the Prospectus, no Director or proposed Director of the Company, or firm in which a Director or proposed Director is a partner, has any interest, nor has had any interest for registration, or has received or is entitled to receive any sum for services rendered by either him or the firm to induce him to become or qualify him as a Director, or otherwise in connection with the promotion or formation of the Company or in the property proposed to be acquired by the Company in connection with its promotion or formation.

13.7.4 SHAREHOLDING QUALIFICATIONS & REMUNERATION

The Directors of the Company are not required under the Constitution of the Company to hold any shares in the Company in order to qualify as directors of the Company.

While the Constitution provides that the Directors are entitled to remuneration as determined by the Company in general meeting, but until so determined, such remuneration must not exceed $150,000. It is not intended that the Directors will increase the payment of fees to directors except with the specific approval of the shareholders. The Constitution provides that non-executive Directors will be paid out of the funds of the Company, by way of remuneration for their services, such fixed sum as is determined by the Company in general meeting from time to time to be apportioned between them in such manner as the Directors, in their absolute discretion, determine.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for any disbursements or any other out of pocket expenses incurred as a result of the directorship for any special duties.

The maximum aggregate remuneration has been fixed to enable the Company to pay Director's fees to any new Non-Executive Director that may be appointed to the Company following the IPO or to allow for increases in the level of fees over time.

Mr Evans is CEO and is a full-time employee of the Company. He is also the Managing Director. Mr Evans is to receive remuneration as set out in Section 13.76. Mr Evans has signed an Executive Service Agreement for a term of 3 years. No Directors' fees are paid to Mr Evans in addition to his executive salary.

13.7.5 DIRECTORS' INTERESTS IN SECURITIES

Set out below is details of the interests of the Directors in the Shares and other securities of the Company immediately prior to lodgement of the Prospectus with the ASIC for registration. Interests include those held directly and indirectly:

Director	Ordinary Shares	Options
Mr David Carter (Chairman)	620,000	Nil
Mr Hilary Evans (CEO)	6,750,000	Nil
Mr David Lightfoot (Director)	4,440,000	Nil

Further, no sums have been paid or agreed to be paid to a Director in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director or otherwise for services rendered by him/her in connection with the promotion or formation of TSV or the Offer save and except as disclosed in this Prospectus.

13.7.6 REMUNERATION OF DIRECTORS

The Directors are entitled to a base remuneration as set out below:

Name	Position	Base Remuneration	Superannuation & Other Benefits	Total
Mr Carter	Chairman	$50,000	$4,500	$54,50
Mr Evans	Managing Director	$80,000	$25,400	$105,400
Mr Lightfoot	Director	$35,000	$3,150	$38,150

These amounts do not include participation in the TSV ESOP or the bonuses described at section 13.5.3.
No awards or entitlements under the TSV ESOP have been granted as at the date of this Prospectus to any Directors.

13.7.8 AGREEMENTS WITH DIRECTORS

TSV has entered into agreements with each Director with respect to their services as a Director as follows:

- Directors' deeds of indemnity, insurance and access (as referred in section 13); and
- Executive employment agreements with Mr Hilary Evans (as referred to in section 13).

Other than as set out herein, no Director and no firm in which a Director is a partner, has an interest in the promotion of, or in any property proposed to be acquired by, TSV and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any Director or to any firm in which a Director is a partner, either to induce him to become, or to qualify him as a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of TSV.

13.7.9 UNDERWRITER'S DISCLOSURE

The Underwriter has been granted by the Company 750,000 options to purchase Shares, exercisable by payment by the Underwriter as set out in Section 8.8.

13.8 RELATED PARTY TRANSACTIONS

Tecsound (Vic) Pty Ltd (as lessee) has entered a standard form lease with Mrs Carol Evans (the wife of the Director, Mr Hilary Evans) (as lessor) for the premises located at Unit 18, 137 – 145 Rooks Road, Vermont for use in Victorian operations and as the Company's head office. The lease is on a month by month basis at a rental of $3,000 per month (including GST), commencing 1 July 2004. The lease provides for 3 further terms of 6 month duration exercisable at the option of Tecsound (Vic) Pty Ltd.

Tecsound (NSW) Pty Ltd leases its business premises at Unit 3/108 Warrane Road, Willoughby NSW from Sound Affair Pty Ltd Superannuation Fund (an entity associated with Mr Ian McLean). The lease commenced in March 2001 and is now on a month by month basis at a monthly rental of $2,000 (plus GST).

Mr David Lightfoot is a director of TCF, a company that has assisted Tecsound (Vic) Pty Limited and Tecsound (NSW) Pty Limited since early 2003. TCF fees are disclosed in Section 13.7.2.

13.9 PRIVACY STATEMENT

When making an Application, Applicants will be required to provide personal information to the Company and the Registrar. The Company and the Registrar will collect, hold and use an Applicant's personal information in order to assess the Application, service the Applicant's needs as an investor, provide facilities and services that an Applicant requests and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If an Applicant does not provide the information requested, the Application may not be able to be processed efficiently, or at all.

The Company and the Registrar may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Underwriter in order to assess the Application;
- the Registrar for on-going administration of the register;
- the printers and the mailing house for the purpose of preparation and distribution of statements and for handling of mail; and
- if applicable, the Company in order to verify that an investor qualifies as an employee of the Group.

If an Applicant becomes a shareholder, the Applicant's information may also be used or disclosed from time to time to inform the Applicant about the Company's products or services that the Company thinks may be of interest to the Applicant. If an Applicant does not want personal information to be used for this purpose, the Applicant should contact the Company.

The information may also be disclosed to companies within the Group and to their agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

Under the Privacy Act 1988 (Cth), an Applicant may request access to personal information held by (or on behalf of) the Company or the Registrar. An Applicant can request access to personal information by telephoning or writing to the Company.

14. GLOSSARY

$	Australian dollars unless stated otherwise.
Acquisitions	The acquisition by TSV Holdings of all of the issued share capital of both Tecsound (NSW) Pty Limited ACN 093 550 362 and Tecsound (Vic) Pty Limited ACN 092 630 183 pursuant to the Sale Agreements.
Applicant	The applicant under an Application.
Application	An application for Shares under this Prospectus.
Application Form	The Application for Shares as attached to this Prospectus.
Application Monies	The amount to accompany an Application.
ASIC	Australian Securities and Investments Commission.
ASX	The Australian Stock Exchange Limited ACN 008 624 691.
Board	The Board of Directors.
Business	The business of TSV described in Section 4.
Closing Date	The date of closing of the Offer, namely 14 September 2004.
Company	TSV Holdings Limited ACN 108 208 760.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director/s	The directors from time to time of the Company.
EBIT	Earnings before interest and income tax.
EBITA	Earnings before interest, income tax and amortization of goodwill.
EBITDA	Earnings before interest, income tax, depreciation and amortization.
Employee	A person who is a full-time or permanent part-time employee or officer, or director of TSV or any related body corporate of TSV, other than any such person who has given a notice of resignation or who has been given a notice of termination of their employment, and if the Board so resolves, includes contractors and consultants of TSV.
Enterprise Value	The market capitalization of the Company at the Offer Price plus net interest bearing debt at completion of the Acquisitions.
EPS	Earnings per Share.
EWS	The emergency warning systems sold by the Company.
Exposure Period	The period of 7 days, which can be extended by ASIC to up to 14 days, following lodgment of this Prospectus with ASIC, during which TSV Holdings cannot accept any Applications or issue any Shares.
Existing Shareholders	The holders of Shares in the Company immediately prior to the issue of this Prospectus (for the purpose of clarity includes all Shares to be issued to the Vendors under the Sale Agreements).

Gross margin	Revenue from operating activities less cost of sales (being materials and sub contractors) divided by revenue from operating activities.
GST	Australian Goods and Services Tax.
Issue	The allotment of Shares pursuant to the terms of this Prospectus.
Issue Price/Offer Price	$0.20 per Share.
Listing Rules	The listing rules of the ASX.
NPAT	Net profit after tax.
Offer	The Offer of Shares by the Company under this Prospectus.
Opening Date	The date of opening of the Offer, being 26 August 2004.
PKF	As context requires PKF Chartered Accountants and PKF Corporate Advisory Services (VIC) Pty Limited
Privacy Act	Privacy Act 1988 (Cth).
Prospectus	The disclosure document issued by the Company in respect of the Offer.
QSR	Quick service restaurants such as McDonalds, Hungry Jacks, Red Rooster, KFC, etc.
Quotation	The official quotation of the Shares by the ASX.
Registrar	ComputerShare Investor Services Pty Limited ACN 078 279 277.
Sale Agreements	The agreements between TSV Holdings and each of the Shareholders of Tecsound (Vic) Pty Limited ACN 092 630 183 and Tecsound (NSW) Pty Limited ACN 093 550 362 respectively in relation to the Acquisitions as described in more detailed in section 13.
SCH	The ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.
SCH Business Rules	The business rules of the SCH.
Shareholder	A holder of one or more Shares in TSV Holdings.
Shares	Fully paid ordinary shares in the capital of the Company.
TCF	Tooronga Corporate Finance Pty Limited ACN 096 713 683.
Tecsound NSW	The business conducted by Tecsound (NSW) Pty Limited, to be acquired by TSV Holdings pursuant to the Sale Agreements.
Tecsound Vic	The business conducted by Tecsound (Vic) Pty Limited, to be acquired by TSV Holdings pursuant to the Sale Agreements.
TSV ESOP	The share option plan to be implemented by the Company as described in more detail in section 13.
TSV Group, TSV or Group	Collectively the Company (TSV Holdings), Tecsound (NSW) Pty Limited and Tecsound (Vic) Pty Limited.
TSV Holdings	A reference to "TSV Holdings" or "TSV" is a reference to the Company and where the context requires both Tecsound (NSW) Pty Limited and Tecsound (Vic) Pty Limited to be acquired by the Company under the Sale Agreements.
Underwriter	Lodge Partners Pty Limited ACN 053 432 769.
Underwriting Agreement	The agreement pursuant to which the Underwriter has agreed to underwrite the Issue as described in more detailed in section 13.
Vendor/s	The sellers of the issued shares in Tecsound (NSW) Pty Limited and Tecsound (Vic) Pty Limited pursuant to the Sale Agreements.

15. AUTHORISATION

This Prospectus is issued by the Company.
Its issue was authorised by a resolution
of the Board of Directors on 18 August 2004.

David Carter
Chairman

Registry Use Only

tsv™ Holdings Limited
ABN 108 208 760

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Broker Code

Adviser Code

A I/we apply for

Number of shares in TSV Holdings Limited at A$0.20 per share or such lesser number of shares which may be allocated to me/us

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter your postal address - include State and Postcode

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - Make your cheque or bank draft payable to TSV Holdings Limited Share Subscription Account

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of shares you wish to apply for. The application must be for a minimum of 10,000 shares. Applications for greater than 10,000 shares must be in multiples of 2,500 shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of shares by the price per shares.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

TSV Holdings (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to TSV Holdings Limited Share Subscription in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for shares in TSV Holdings Limited is upon and subject to the terms of the prospectus and the Constitution of TSV Holdings Limited, agrees to take any number of shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5.00pm on 14 September 2004
Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 8060>

OR

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067>

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 850 505.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

IPO
ASX

tsv™ Holdings Limited
ABN 108 208 760

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Registry Use Only

Broker Code

Adviser Code

A I/we apply for

Number of shares in TSV Holdings Limited at A$0.20 per share or such lesser number of shares which may be allocated to me/us

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter your postal address - Include State and Postcode

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - Make your cheque or bank draft payable to TSV Holdings Limited Share Subscription Account

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of shares you wish to apply for. The application must be for a minimum of 10,000 shares. Applications for greater than 10,000 shares must be in multiples of 2,500 shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of shares by the price per shares.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

TSV Holdings (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to TSV Holdings Limited Share Subscription in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for shares in TSV Holdings Limited is upon and subject to the terms of the prospectus and the Constitution of TSV Holdings Limited, agrees to take any number of shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

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