



International Limited

**TV2U INTERNATIONAL LIMITED**

ABN 73 110 184 355

**ANNUAL REPORT FOR THE  
YEAR ENDED  
30 JUNE 2020**

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## Contents

	<b>Page No.</b>
<b>Corporate Directory</b> .....	1
<b>Directors' Report</b> .....	2
<b>Auditors Independence Declaration</b> .....	21
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b> .....	22
<b>Consolidated Statement of Financial Position</b> .....	23
<b>Consolidated Statement of Changes In Equity</b> .....	24
<b>Consolidated Statement of Cash Flows</b> .....	25
<b>Notes to the Consolidated Financial Statements</b> .....	26
<b>Directors' Declaration</b> .....	58
<b>Independent Auditors Report</b> .....	59
<b>Shareholder Information</b> .....	61

**TV2U INTERNATIONAL LIMITED  
CORPORATE DIRECTORY  
FOR THE YEAR ENDED 30 JUNE 2020**

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**Board of Directors**

Hannah Field	Chair
Nick Fitzgerald	Executive Director Chief Executive Officer
Arshad Muhammad	Non-Executive Director
Graeme Smith	Non-Executive Director

**Secretary**

Graeme Smith	Company Secretary
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**Registered Office**

91 High Street  
Fremantle WA 6155  
T: +61 (08) 9430 6333  
F: +61 (08) 9430 6222  
Website: www.TV2U.com

**Securities Exchange**

Australian Securities Exchange Limited (ASX)  
Home Exchange – Perth  
ASX codes – TV2 (ordinary shares)

**Australian Company Number**

ACN 110 184 355

**Australian Business Number**

ABN 73 110 184 355

**Bankers**

National Australia Bank  
Level 14, 100 St Georges Terrace  
Perth WA 6000  
Website: www.nab.com.au

**Auditors**

Elderton Pty Ltd  
Level 2, 267 St  
Georges Terrace  
Perth WA 6000

**Share Registry**

Automatic Registry Services Level  
2/267 St Georges Terrace  
Perth WA 6000

**Solicitors**

Steinepreis Paganin  
16 Milligan Street  
Perth WA 6000

**Domicile and Country of Incorporation**

Australia

**TV2U INTERNATIONAL LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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The Directors submit their report on TV2U International Limited (“the Company” or “TV2U”) and its controlled entities (together the “Group”) for the financial year ended 30 June 2020.

**1. INFORMATION ON DIRECTORS**

The names and details of the Company’s Directors in office at the completion of the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

**Ms Hannah Field - BA  
Non-Executive Chair**

Ms Field has been an integral part of the executive team of TV2U since its inception and has been its Commercial Director since May 2018. Ms Field holds a Bachelor of Arts from the University of Exeter and is an experienced professional in the broadcast media industry, with specific experience in sales, customer service and marketing.

**Mr Nick Fitzgerald  
Executive Director, Chief Executive Officer**

Mr Fitzgerald has an exceptional pedigree averaging over 23 years each in Media and Entertainment, with deep domain expertise and project experience with content owners, digital service providers, broadcasters and telecommunications companies.

Driving the vision of the business, as well as setting the strategic goals and objectives of TV2U, Nick listed the company onto the ASX in 2016 in order to provide an environment to quickly gain traction globally, to support internet and mobile businesses as they launch into a global OTT marketplace.

Prior to TV2U, Mr. Fitzgerald served in numerous executive level positions including several successful start-up companies. As Vice President of Digital Rapids Asia, he pioneered encoding/transcoding technology into the Asia Pacific markets and was responsible for the region’s operations, business development, sales and distribution networks.

In 2014 he founded TALICO Technologies Pte Ltd a Singaporean based technology incubator a pioneer of cloud services whose mandate is to promote the concept of business growth through innovation and application of cloud disruptive technologies. TALICO owns its own IP in the form of cloud based modular technology deployed as a stand-alone solution or as a bolt-on enhancement to a client’s existing products/solutions.

**Mr Arshad Muhammad – CPA, MBA  
Non-Executive Director  
(Appointed on 26 May 2020)**

Mr Muhammad is the Manager - Business Services & Advisory at DFK PA Group which specialises in the provision of value-added services including business planning and restructuring.

He has been a professional accountant for over 20 years. He has worked in various top management roles overseas and in Australia. He has a rich and diversified experience in Manufacturing, Retail, Public Sector-Financial Services industries, Business Services, Audit, as well as the corporate/investment banking sectors.

Mr Muhammad has extensive experience specialising in business restructuring, and tax and has managed complex groups while working with renowned accounting firms in Australia.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Mr Graeme Smith –BEC, MBA, MComLaw, FCPA, FGIA, FCG (CS, CGP)**  
**Company Secretary / Non-Executive Director**  
**(Appointed Company Secretary 22 May 2020, Director – 1 July 2020)**

Mr Smith is a corporate governance & finance professional with over 25 years' experience in accounting and company administration. He is a Fellow of the Australian Society of Certified Practising Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia. He is the principal of Wembley Corporate which provides Company Secretarial, CFO, and Corporate Governance services to public and private companies.

Mr Smith was previously a Non-Executive Director of Anglo Australia Resources NL and Surefire Resources NL.

**Mr Bret Silvey – Resigned 30 June 2020**  
**Non-Executive Director**

**2. INFORMATION ON COMPANY SECRETARY**

**Ms Sophie Raven – Resigned 25 May 2020**

**3. DIRECTORS' SHAREHOLDINGS**

The following table sets out each current Director's relevant interests in shares and rights or options to acquire shares of the Company or a related body corporate as at the date of this report.

Director	Fully Paid Ordinary Shares
Nick Fitzgerald <sup>1</sup>	287,571,428
Hannah Field	-
Arshad Muhammad	-
Graeme Smith	-
	<b>287,571,428</b>

<sup>1</sup> Held by Talico Technologies Pte Ltd.

**4. DIVIDENDS**

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

**5. DIRECTORS' MEETINGS**

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director's held office are:

Director	Number Eligible to Attend	Number Attended
Nick Fitzgerald	5	5
Hannah Field	5	5
Arshad Muhammad	5	5
Graeme Smith	-	-
Bret Silvey (Resigned 30/06/20)	5	2

## **6. PRINCIPAL ACTIVITIES**

TV2U International Limited (TV2U) is a global complete entertainment platform that enables businesses, such as telecommunications companies, to quickly and easily offer streaming video and audio content to their customers ("OTT" service). The service includes movies, television programs, other content and games through an encrypted channel for enhanced copyright protection. TV2U also offers unique real-time viewership analytics to enable businesses to send highly targeted advertising to end-users to maximise their revenue streams. TV2U is changing the face of online entertainment and advertising.

## **7. OPERATING AND FINANCIAL REVIEW**

### **A. Operations Strategy and Developments**

During the 2020 financial year TV2U set out to not only expand its opportunities in current OTT markets but to develop groundbreaking technologies in new markets to add to its already robust product set.

Its aim was to create a hybrid of traditional and emerging technologies to disrupt the future of television and online entertainment, building a bespoke personalised content experience that is interactive and shareable amongst communities, enabling the creation of a viral brand following.

These goals have seen the development of a range of new services and modules that are available to its current and future clients, highlighting TV2U as a leading innovator amongst its competitors.

TV2U is very excited about its current partnership opportunities across current and emerging markets and looks forward to a continuous evolution of its products and services.

Pre-COVID, the company's vision for business growth was based on the convergence of cloud-based connected services that not only connect devices and people but also connect 'clouds to clouds', and people and devices to these clouds.

In a post-COVID world where live sports are being watched by cardboard cut-outs in stadiums, office workers are working from home, theatres are closed and we are spending more of each day within the constraints of our home, COVID has – arguably paradoxically – driven us towards an ever more connected world – one that is Internet and smart device driven. A world in which we attend virtual meetings, on-line shopping has become the norm and a medical check-up is now being conducted by an app telling you if you should go into self-isolation.

We are witnessing the dawn of a new world order blending the real, the virtual and the predictive. It will influence the way we communicate, socialise, conduct business and run our lives. In this world, anything that can be connected will be connected, and all connected devices will be talking to each other from device to device, device to people and people to people.

During the year 2020, TV2U and TALICO have further developed three key technology pillars that represent both TV2U and Talico's core intellectual property:

- Real-time data analysis through real-time event profiling and intelligent predictive analytics. TALICO's AI will forecast outcomes as it learns behaviours through analysis of data turning data into insight, insight into intelligence, intelligence into action and actions into results.

**7. OPERATING AND FINANCIAL REVIEW (cont)**

**A. Operations Strategy and Developments (cont)**

- Multi-tenant Marketplace SaaS and PaaS Platform. Allows for the onboarding of tenants that rent 'cloud real-estate', with independent control over their branding and assets from product uploading and distribution to e-commerce. Whilst independent, tenants become part of a wider community on the company's platform, with access to the combined customers of all the tenants that can seamlessly connect and interact with other tenants without leaving the application or platform. Each tenant has access to an intelligent dashboard providing rich reporting down to an individual consumer or client level, enabling clients to learn more about their customers and helping them to design strategies to maximise revenue. TV2U can provide:
  - Geographic reports – with city-level reporting – to show clients exactly where their products are making an impact.
  - Engagement reports – second-by-second engagement and abandonment data shows what is working, and where ads can earn the most.
  - Social sharing reports – learn and understand how viewers share clients' messaging across Facebook, Twitter, and other social media platforms.
- Connectivity – Our platform-agnostic architecture runs on any combination of operating system and underlying processor architecture, over multiple networks including internet, cellular and satellite, and operating across a range of devices, including desktop computers, laptops, tablets and smartphones. It also permits for connection to 3rd party smart devices and sensors via internet protocol. TALICO's multi-tenancy cloud strategy allows enterprise clients to work with several cloud services through a single cloud application. It empowers enterprises to take advantage of the flexibility and choice of multiple cloud offerings while achieving cost reduction benefits. A multi-cloud platform combines the best services that each platform offers, allowing companies to customise an environment that is specific to their business goals. TALICO's multi-cloud environments can also help enterprises lower business risk and achieve their goals relating to governance, risk management and compliance regulations. If one web service host fails, a business can continue to operate with other platforms in a multi-cloud environment instead of having stored all their data in one place.

During the year, TV2U received offers to:

- a). issue a license following few modifications and enhancements to the existing OTT platform enabling integration to client's environment for content delivery; and
- b). develop a platform to enhance customer experiences.

Below is a brief outline of TV2U's undertaking of the arrangement:

**Next Gen Sports OTT Platform:**

Next Gen Sports OTT Platform is a refined version of TV2U's flagship OTT technology. This state of the art Platform arguably puts TV2U in a leading position in the OTT technology market due to the advance architecture and highly customizable and integrate able feature of this platform. During the year, TV2U completed the necessary modifications to the existing OTT platform and formulated the Next Gen Sports OTT Platform for sports streaming.

**7. OPERATING AND FINANCIAL REVIEW (cont)**  
**A. Operations Strategy and Developments (cont)**

**Fan Engagement 360 Platform:**

Fan engagement platform is a customised connector (plug) to the OTT technology (in particular IVAN-X). It connects IVAN -X to third party solutions including but not limited to platforms such as betting, so the customers could have a seamless experience across multiple touch points when engaging with their favourite sport. During the year, TV2U completed a substantial part of the platform development and as at 30 June 2020 was in the testing phase prior to production.

These two projects were offered by Talico Technologies Pte Ltd. The core technologies enable TV2U and TALICO to create unique technology products across multiple markets and diversify Company's core operation to sustain and reach its full potential in emerging technology markets.

TV2U is currently in final stage of negotiations with several potential clients which span multiple geographies and end-markets, including retail, entertainment, travel and esports. The company will update investors as these project negotiations proceed to commercial contracts. Below is the updates on TV2U and Talico (related party) projects:

JEE GROUP

During the period JEE Group soft launched its service PersisTV.com on TV2U's iVAN-X platform. Featuring local language movies and TV shows it targets the five million Iranian nationals currently living overseas, along with the estimated addressable market of twelve million Farsi speaking people across the globe.

After the initial soft launch JEE Group appointed a PR company to help develop its brand awareness among its key demographics, this exposed the demand for a music service to compliment the entertainment side of their business. TV2U's R&D team developed a Music Module which allows users to listen to the latest Persian music, build playlists and share their love of music with their friends and family.

JEE Group have secured a large music library and are now working on their business and marketing strategy to ensure the platform encompasses all the elements that the Persian community require.

TV2AFRICA (AEMG)

During the period AEMG has been expanding its VoD library, these assets range from documentaries, feature, lifestyle, music videos and short films. It was also announced by AEMG that they have signed a live streaming and video-on-demand agreement with One Africa TV (OATV) which will allow them to take its vibrant and diverse content even further beyond the boundaries of traditional media.

TV2U also completed the integration and testing of the live stream advertising solution, allowing advertising to be played within the live TV channels available on the TV2Africa platform.

During the last year AEMG have been reviewing their third-party technical partnerships with a view to making strategic changes. In continued support of AEMG, TV2U completed the platform integration for a new CDN provider with global reach, this allows for seamless simultaneous streaming for vast numbers of viewers.



## **7. OPERATING AND FINANCIAL REVIEW (cont)**

### **A. Operations Strategy and Developments (cont)**

TV2U worked with AEMG on the design and build of the Set Top Box application, which will allow users to enjoy the content on the big screen. Discussions are still progressing with regards to the deployment of this application across AEMG's chosen STB units.

#### PGAS

During the period the TV2U team travelled to Indonesia to meet with PGASCOM and discuss the strategy for the launch of the OTT project. The installation of their on-site head end had been completed along with the deployment of the TV2U OTT platform across Web, Android and iOS applications.

Currently PGASCOM is without a partnership with an Indonesian ISP or Telco Operator, which was their direct route to market their service. This has meant that they have not progressed discussions with content providers, which in turn halted the execution of a commercial contract with them.

TV2U maintained communications with PGASCOM in this period while searching for further content partnerships and operators within Indonesia. The IVAN-X OTT solution stands ready for deployment over all applications and formats, with the TV2U team continuing to update the source codes and integrations for the greatest possible time-efficiency upon launch.

#### SOL TELECOM

During the period TV2U worked with SOL Telecom to successfully design and develop its IVAN-X launcher apk for installation onto Set Top Boxes (STB) to compliment the SOL GO mobile applications. The STB apk allows users to sign in, sign up, browse the content and purchase a

subscription, as well as manage the boxes features such as WiFi connectivity and initial setup. SOL Telecom have been in discussions with potential STB manufacturing partners.

TV2U has had continued discussions with SOL Telecom with regards to E-sports content as they believe this would be well received in the region. A library of esports video content secured by TV2U was shared for review and SOL Telecom are now honing their business strategy to accommodate this new and exciting content.

#### INDOSAT

During the period the TV2U team met Indosat's Head of Data at their offices in Jakarta to discuss offering its platform as a white label brand-to-brand solution, acting as an enabler for clients and customers by providing a prepared, fast launch service without loss of quality or experience.

Indosat subsequently requested support for a potential opportunity with one of its clients, TV2U submitted a proposal document for review that outlined a set of bespoke functionalities for a version of its iVAN-X platform capable of supporting video on demand (VoD) and live streaming. This would be developed at the cost of the end client at the point of a commercial agreement being signed.

#### TALICO SMART TECHNOLOGY – CONSULTATION SERVICES

During the period TALICO continued its pursuits in the "Smart Technology" industry. TALICO remains in on-going commercial discussions regarding a multitude of projects at varying stages of completion. In these projects TALICO will provide a consultancy service, bringing together several pedigree technologies companies, along with the products and infrastructure necessary to build sustainable solutions for both commercial and residential projects.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**7. OPERATING AND FINANCIAL REVIEW (cont)**

ESPORTS

During the period TV2U remained in discussions with an array of clients regarding commercial terms surrounding the provision of E-Sports content. Requirements gathering began for the building of an e-sports OTT solution, which will complement the fan engagement functionality currently being developed by TV2U.

UNIVERSITY OF VICTORIA – UOV (PREVIOUSLY REFERED TO AS BRITISH COLUMBIA UNIVERSITY)

During the period TV2U & TALICO were in discussions with UOV to deploy their Water Leak Detection System on the campus with a mandate to significantly decrease the ever-rising water bill that the university is facing.

TV2U & TALICO fully scoped the university's requirement and produced supporting documentation, an overview of deliverables for the setup of the Water Leak Detection System and a proposed commercial contract for review.

**Corporate**

During the financial year, the Company announced the following corporate developments:

In June 2020, TV2U received €3,000,000 (~A\$5,000,000) from Talico in exchange for an exclusive license for the streaming of sports content via the NextGen Sports 360 Platform (€1,500,000) and the development of joint Intellectual Property co owned by Talico and Jayplus customer surrounding interactive, multilevel Second Screen Fan Engagement (€1,500,000).

Legal proceedings were commenced in respect of this money received alleging a constructive trust arose in respect of those funds as a result of alleged conduct by former director Bret Silvey and his private entity, Cancun Trading Pty Ltd.

The claim was settled in August 2020 through the payment by TV2U of A\$2,092,500 with a subrogated right to claim A\$2,000,000 from Jayplus

A general meeting was held in February 2020 to acquire the intellectual property portfolio of Talico and director Nick Fitzgerald through the issue of 800 million performance shares. Whilst shareholder approval was received for the acquisition, the performance shares were never issued to the Vendor. All references to Talico's IP in this report are based on the IP acquisition approved by shareholders in February 2020.

Director Bret Silvey resigned from the Board at the end of the year.

Arshad Muhammad was appointed to the Board in May and Graeme Smith was appointed in July 2020.

**B. Financial Performance and Financial Position**

The financial results of the Group for the year ended 30 June 2020 are:

	30 June 2020	30 June 2019	% Change
<b>Cash and cash equivalents (\$)</b>	3,615,435	293,029	1134%
<b>Net assets (\$)</b>	(1,623,946)	(1,752,000)	7%
<b>Sales Revenue (\$)</b>	49,705	133,989	-63%
<b>Other Income (\$)</b>	1,094,262	344,867	217%
<b>Net loss after tax (\$)</b>	(634,143)	(4,326,276)	85%
<b>Loss per share (cents)</b>	(0.03)	(0.20)	-85%

## **7. OPERATING AND FINANCIAL REVIEW (cont)**

### **Financial Performance**

The financial result for the year ended 30 June 2020 is a net loss after tax of \$ (634,143) as per the table above.

### **C. Business Strategies and Prospects for future financial years**

During the financial period the Group continued with its' strategy into the OTT sector as a leading digital content enabler and technology provider to the media, entertainment and telecommunications industries.

There are specific risks associated with these activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

#### **(a) Intellectual Property**

TV2U has licensed or acquired the rights to certain patent applications relating to its core business. None of the patent applications are held in the name of the relevant subsidiary and, at the date of this Annual Report, none of the patent applications have been granted. The patent applications are held in the name of TARA IP Limited, an entity controlled by Mr Nick Fitzgerald, the Chairman of the Company. TV2U Singapore has acquired all of the rights, title and interest in and to the patent applications by assignment and has licensed such rights to TV2U Worldwide.

Even if granted, the granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although the Company is not aware of any third party interests in relation to the intellectual property rights, and TV2U has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.

#### **(b) Technology Risk**

The Company is reliant upon certain technologies and upon the successful commercialisation of the technologies as currently held by TV2U. There is a risk that as marketable technologies continue to develop in the communications industry there may be certain product developments that supersede, and render obsolete, the products and services of the Company, this would adversely affect the profitability of the Company and likely the value of the Shares.

#### **(c) New Market Entrants and Technology Risk**

The emergence of new competitors in the market, or any technological developments providing an alternative to TV2U's product offerings could impact the market share that the Company is able to acquire and cause downward price pressure on consumer software and services platforms, thus reducing the Company's margins and revenue. Further, existing providers of similar consumer services may also respond aggressively to TV2U's market growth to retain or regain market share, which could also impact the Company's margins and revenue.

**7. OPERATING AND FINANCIAL REVIEW (cont)**

**(d) Failure to Deal with Growth**

The TV2U business has the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth and properly and fully implement the roll out of the technology under various joint venture or other arrangements, then that failure could harm its business. Any failure to meet customer demand properly could adversely affect the business.

**(e) Availability of IT Staff in the Market**

TV2U is reliant upon employees with specialist IT skills in order to develop and maintain its projects. Any shortage of availability of these skills in the IT employment market could impair the development of the TV2U products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's profitability.

**(f) Dependence on Products**

TV2U's products require the use of hardware devices and as such the business model of TV2U will be dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not be replaced by alternative devices upon which TV2U's technology will not function as intended which could impact on the profitability of the Company.

**(g) Security Breaches and Hacker Attacks**

A malicious attack on TV2U's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or failing revenues. TV2U follows best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise this risk.

**(h) Customer Service Risk**

TV2U's business model is based on recurring revenue arising from usage. Poor customer service experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of TV2U products or services. If any of these occur, it may adversely impact the Company's revenues.

**(i) Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

## **7. OPERATING AND FINANCIAL REVIEW (cont)**

### **i. Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **ii. Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing may involve restrictions on financing and operating activities.

## **8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the Group.

## **9. EVENTS AFTER THE REPORTING DATE**

### **Resolution of Legal Proceedings**

The claim in respect of €3,000,000 (~A\$5,000,000) received by the Company from Talico for Jayplus project, increased with the addition of a further claim for \$185,378 being further funds paid by an entity associated with former director Bret Silvey to a client of TV2U.

By the terms of the settlement, both parties have agreed to fully and finally settle all claims between them.

The claims related to the alleged conduct of former director Bret Silvey in regard to the receipt of those funds.

Without admission of liability TV2 has paid the sum of A\$2,092,500 to the Humich Entities (The Claimants).

In addition, by the terms of payment TV2 retains subrogated rights to claim A\$2,000,000 against Jayplus AG. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## **10. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

We will continue to explore opportunities and develop key partnerships with companies and individuals who share the vision of creating a global OTT platform with the ability to bolt onto existing technologies with the aim of increasing revenues for our shareholders.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**11. ENVIRONMENTAL ISSUES**

The Company is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company.

**12. OPTIONS AND PERFORMANCE SHARES**

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Listed Options</b>	<b>Number of Unlisted Options</b>
30 March 2021	\$0.02	351,413,781	-
18 September 2021	\$0.011	-	62,500,000
27 December 2021	\$0.02	-	5,500,000
23 January 2022	\$0.007	-	60,000,000
22 February 2022	\$0.0065	-	9,900,000
29 March 2022	\$0.0065	-	13,200,000
1 May 2022	\$0.0052	-	10,312,500
29 May 2022	\$0.0039	-	16,500,000
9 July 2022	\$0.0104	-	6,187,500
12 August 2022	\$0.0078	-	5,500,000
17 September 2022	\$0.0104	-	6,187,500
17 October 2022	\$0.0091	-	7,071,429
16 November 2022	\$0.0091	-	7,071,429

Option holders do not have any rights to participate in any issue of shares or other interests of the Company or any other entity.

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**13. PROCEEDINGS ON BEHALF OF THE COMPANY AND GROUP**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group and its controlled entities, or to intervene in any proceedings to which the Group and its controlled entities are parties, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

**14. INDEMNIFYING OFFICERS**

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current Executive Officers against a liability incurred as such a director or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**15. NON-AUDIT SERVICES**

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the nature of services provided does not compromise the general principles relating to auditor independence in accordance with APES 110, Code of Ethics for Professional Accountant.

	<b>30-Jun 2020</b>
	<b>\$</b>
<b>Amounts received or due and receivable</b>	
Taxation and other services	_____ -
	_____ -

**16. REMUNERATION REPORT (AUDITED)**

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*. There were no Company executives and other key management personnel who were not also Directors of the Company for the financial year.

The remuneration arrangements detailed in this report are for the Executive Directors and Non-Executives who held office during the financial year and are as follows:

The Remuneration Report is set out under the following main headings:

- A. Remuneration Philosophy
- B. Remuneration Structure and Approvals
- C. Remuneration and Performance
- D. Details of Remuneration
- E. Contractual Arrangements
- F. Equity Instruments Issued on Exercise of Remuneration Options
- G. Adoption of Remuneration Report by Shareholders
- H. Equity Instruments Held by Key Management Personnel
- I. Loans to Key Management Personnel
- J. Other Transactions with Key Management Personnel

**A. Remuneration Philosophy**

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel of TV2U comprise the Board of Directors only.

The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives, by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

## **16. REMUNERATION REPORT (AUDITED) (cont)**

### **B. Remuneration Structure and Approvals**

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development nor has the Board engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors. It is considered that the size of the Board, along with the level of activity of the Company, renders this impractical and the full Board considers in detail all of the matters for which the Directors are responsible.

#### ➤ **Executive Remuneration Structure**

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board;
- All executives may receive a base salary, (which reflects the person's duties, responsibilities, experience and length of service), superannuation, fringe benefits, options, shares and performance incentives; and
- The Board reviews the executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of shareholders' value. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, options and shares. The policy is designed to attract the highest calibre executives and reward them for performance that results in long-term growth in shareholder wealth. All directors and executives are also entitled to participate in the Company's share-based incentive plan, the performance rights plan. All directors and executives employed directly by the Company receive a superannuation guarantee contribution required by the government unless otherwise stated in their employment contracts and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and is expensed. Options and performance rights given to directors and executives as part of their remuneration are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options and performance rights are valued using an option pricing model.

#### ➤ **Non-Executive Remuneration Structure**

The Board's intention is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board of Directors determines the payments to the non-executive directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required.

The remuneration of non-executive directors consists of Directors' fees, payable in arrears. The total aggregate fee pool to be paid to Directors (excluding executive directors) is set at \$250,000 per year (in accordance with the Company's Constitution) and as approved by the shareholders of the Company. Non-executive directors do not receive retirement benefits but are able to participate in share-based incentive plan and encouraged to hold shares in order to align director's interests with shareholder interests.



**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**16. REMUNERATION REPORT (AUDITED) (cont)**

➤ **Non-Executive Remuneration Structure (cont)**

Non-executive directors may enter into separate consultancy mandates with the Company for the provision of professional and technical services that fall outside the scope of their directorship role. Under this mandate, directors receive a consultancy fee in connection with time spent on Company business, including reasonable expenses incurred by them in carrying out this consultancy role.

Further details relating to remuneration of Non-Executive Directors are contained in the Remuneration Table disclosed as Section D of this Report; and within the Notes to the Financial Statements: Note 20 Key Management Personnel Disclosures.

**C. Remuneration and Performance**

During the reporting period, Director Remuneration was not linked to either long term or short term performance conditions. The Board feels that the terms and conditions of options and shares held by Directors were a sufficient, long term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth.

During the previous reporting period, shareholders approved the adoption of a performance rights plan (PRP) to provide ongoing incentives to directors, executives and employees of the Company. The objective of the PRP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued under the PRP are aligned with the successful growth of the Company's business activities. This long term incentive has been tailored to increase goal congruence between shareholders and directors and executives.

The earnings of the consolidated entity for the five years to 30 June 2020 are summarized below:

	2020	2019	2018	2017	2016
Sales Revenue (\$)	49,705	133,989	640,247	10,244	33,098
Other Income	1,094,262	344,867	-	-	-
EBITDA (\$)	355,371	(3,445,542)	(4,439,678)	(9,736,175)	(13,312,934)
EBIT (\$)	625,999	(4,325,404)	(4,526,256)	(9,741,534)	(13,380,475)
Loss after income tax	(634,143)	(4,326,276)	(4,529,310)	(9,811,066)	(14,160,151)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end (\$)	0.008	0.011	0.010	0.017	0.03
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings (loss) (cents per share)	(0.03)	(0.20)	(0.25)	(0.72)	(1.37)

The key management personnel of the Company are the Board of Directors.

During the financial years ended 30 June 2020 and 30 June 2019, the Directors received no long-term benefits. The only remuneration received by the Directors within these periods were short-term employee benefits, post-employment benefits and termination benefits apart from performance rights as disclosed below.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**16. REMUNERATION REPORT (AUDITED) (cont)**

Details of the remuneration of the Directors of the Company for the year ended 30 June 2020 are as follows:

30-Jun-20	Short-term employee benefits			Post-employment benefits		Equity-based payments		Total
	Salary & fees	Cash Bonus	Non Monetary	Super-annuation	Termination benefits	Performance rights	Fees paid in shares	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Chair</b>								
Ms Hannah Field	140,715	-	-	-	-	-	-	140,715
<b>Directors</b>								
Mr N Fitzgerald	350,000	150,000	-	-	-	-	-	500,000
Mr A Muhammad (i)	3,000	-	-	-	-	-	-	3,000
Mr G Smith (ii)	5,900	-	-	-	-	-	-	5,900
Mr Bret Silvey (iii)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>499,615</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>649,615</b>

- i. Appointed Director 26 May 2020
- ii. Appointed Director 1 July 2020, \$5,900 represents fee paid as Company Secretary
- iii. Resigned 30 June 2020

C.

30-Jun-19	Short-term employee benefits			Post-employment benefits		Equity-based payments		Total
	Salary & fees	Cash Bonus	Non Monetary	Super-annuation	Termination benefits	Performance rights	Fees paid in shares	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Chair</b>								
Mr P McKeiver (i)	55,500	-	-	5,969	-	-	13,116	74,585
<b>Executive Directors</b>								
Mr N Fitzgerald (ii)	350,000	-	-	-	-	-	-	350,000
Mr D Adams (ii)	104,000	-	-	5,843	-	-	-	109,843
Mr P Cunningham (iv)	105,167	-	-	-	-	-	-	105,167
Ms Sophie Raven (v)	148,069	-	-	1,648	-	-	25,926	175,643

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**16. REMUNERATION REPORT (AUDITED) (cont)**

**D. Details of Remuneration**

Ms Hannah Field (vi)	32,485	-	-	-	-	-	-	32,485
Mr Bret Silvey (vii)	-	-	-	-	-	-	-	-
<b>Non-Executive Directors</b>								
Mr Alan Boyd (viii)	36,000	-	-	-	-	-	-	36,000
<b>Total</b>	<b>831,221</b>	<b>-</b>	<b>-</b>	<b>13,460</b>	<b>-</b>	<b>-</b>	<b>39,042</b>	<b>883,723</b>

- i. Appointed Chairman 3 April 2018 (resigned 17 April 2019)
- ii. Appointed Director 6 February 2016 as CEO
- iii. Appointed Director 19 January 2017 previously Group CFO. (resigned 19 September 2018)
- iv. Appointed Director 21 October 2016 (resigned 10 November 2017)
- v. Appointed Director 16 October 2018 (resigned 8 April 2019)
- vi. Appointed Director 11 April 2019
- vii. Appointed Director 11 April 2019
- viii. Appointed Director 19 January 2017 (resigned 25 November 2019)

**E. Contractual Arrangements**

➤ **Mr Nick Fitzgerald – CEO**

- Contract commencement date: 5 February 2016
- Terms: 3 year term commencing 5 February 2016
- Remuneration: Consulting fee was set at \$350,000 per annum (excluding superannuation).
- Other Fees: Mr Fitzgerald is entitled to a performance bonus of \$150,000 for each deal signed by TV2U Singapore during the term of engagement where the forecast revenue in the 12 months after commercial launch of the deal is not less than \$5,000,000.
- Restraint of Trade: Mr Fitzgerald will be subject to a restraint of trade period of up to one year from termination of the engagement.
- Termination: The engagement may be terminated by the Company or Mr Fitzgerald giving the other party the requisite notice.

➤ **Ms Hannah Field – Non-Executive Director**

- Contract commencement date 9 April 2019.
- Director fees is set as \$3,000 per month (\$36,000 pa)
- Remuneration: Reviewed annually by the Board

➤ **Mr Bret Silvey – Non-Executive Director**

- Contract commencement date 9 April 2019.
- No Director fees are being drawn by Mr Silvey from the Company.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**16. REMUNERATION REPORT (AUDITED) (cont)**

- **Arshad Muhammad** – Non-Executive Director
  - Contract commencement date 26 May 2020
  - Director fees is set as \$3,000 per month (\$36,000 pa)
  - Remuneration: Reviewed annually by the Board

**Securities Received that are Not Performance-related**

No members of Key Management Personnel (KMP) are entitled to receive securities that are not performance-based as part of their remuneration package.

**F. Adoption of Remuneration Report by Shareholders**

Adoption of Remuneration Report for the financial year ended 30 June 2018 was put to the shareholders of the Company at the Annual General Meeting held on 29 November 2019. While the non-binding resolution was passed by a greater than 50% majority, as more than 25% of the votes cast were cast against the Company's Remuneration Report, this constituted a 'first strike' for the purposes of the Corporations Act.

The 2019 Notice of Annual General Meeting included a resolution to hold a further meeting of shareholders to vote on all director positions if required.

At the 2019 AGM, less than 25% of the votes cast were against the adoption of the Remuneration Report and the Spill Resolution was not voted on.

**G. Equity Instruments Held by Key Management Personnel**

**Shareholdings of Key Management Personnel**

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2020 are set out below:

	Balance at beginning of year or on appointment	Granted as remuneration	Issued on exercise of options	Other Changes	Balance at end of year or on resignation (i)
<b>Directors</b>					
Mr N Fitzgerald	287,571,428	-	-	(10,000,000)	277,571,428
Ms H Field	-	-	-	-	-
Mr A Muhammad (ii)	-	-	-	-	-
Mr G Smith (ii)	-	-	-	-	-
Mr B Silvey (iii)	303,670,903	-	-	-	303,670,903
<b>Total</b>	<b>591,242,331</b>	<b>-</b>	<b>-</b>	<b>(10,000,000)</b>	<b>581,242,331</b>

- (i) These closing balances reflect KMP shareholdings as at 30 June 2020. KMP shareholdings at the date of this report can be found in the Directors Report.
- (ii) Appointed during the year.
- (iii) Resigned during the year.

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**16. REMUNERATION REPORT (AUDITED) (cont)**

***Option Holdings of Key Management Personnel***

Details of options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2020 was Nil and 2019 are set out below:

***Option Holdings of Key Management Personnel (cont)***

	Balance at beginning of year or on appointment	Grant Details			Exercised		Lapsed	Balance at end of year or on resignation (i)
		Issue Date	No.	Value	No.	Value	No.	
<b>Directors</b>				\$	No.	\$	No.	
Mr N Fitzgerald	-	-	-	-	-	-	-	-
Mr D Adams (iii)	493,750	30/03/2019	25,000	500	-	-	(493,750)	25,000
Mr A Boyd	-	-	-	-	-	-	-	-
Mr P Cunningham	-	-	-	-	-	-	-	-
Mr J Lewis	-	-	-	-	-	-	-	-
Mr P McKeiver (ii)	-	28/12/2019	2,750,000	NIL	-	-	-	2,750,000
Mr S Raven(ii) (iii)	-	28/12/2019	2,750,000	NIL	-	-	-	2,750,000
Ms H Ward (ii)	-	-	-	-	-	-	-	-
Mr B Silvey (ii) (iii)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>493,750</b>	-	<b>5,525,000</b>	<b>500</b>	-	-	<b>(493,750)</b>	<b>5,525,000</b>

- (i) These closing balances reflect KMP option holdings as at 30 June 2019. KMP option holdings at the date of this report can be found in the Directors Report.
- (ii) Appointed during the year.
- (iii) Resigned during the year.

	Balance at end of year or on resignation	Vested			Unvested
		Exercisable No.	Unexercisable No.	Total at end of the year No.	Total at End of Year No.
<b>Directors</b>					
Mr N Fitzgerald	-	-	-	-	-
Mr A Brown	-	-	-	-	-
Mr D Adams	493,750	-	-	(493,750)	-
Mr A Boyd	-	-	-	-	-
Mr P McKeiver	-	-	-	-	-
Mr P Cunningham	-	-	-	-	-
Mr J Lewis	-	-	-	-	-
Mr S Raven	-	-	-	-	-
Ms H Ward	-	-	-	-	-
Mr B Silvey	-	-	-	-	-
<b>Total</b>	<b>493,750</b>	-	-	<b>(493,750)</b>	-

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**16. REMUNERATION REPORT (AUDITED) (cont)**

***Performance Rights Holdings of Key Management Personnel***

Details of performance rights held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2020 are set out below:

<b>30-Jun-19</b>	<b>Balance at beginning of year or on appointment</b>	<b>Received as Remuneration</b>	<b>Lapsed</b>	<b>Net change - other</b>	<b>Balance at end of year or on resignation</b>
<b>Directors</b>					
Mr N Fitzgerald	273,214,285	-	(273,214,285)	-	-
Mr A Brown (ii)	-	-	-	-	-
Mr D Adams (ii)	-	-	-	-	-
Mr A Boyd	-	-	-	-	-
Mr P McKeiver (ii)	-	-	-	-	-
Mr P Cunningham (ii)	-	-	-	-	-
Mr J Lewis (ii)	-	-	-	-	-
<b>Total</b>	<b>273,214,285</b>	<b>-</b>	<b>(273,214,285)</b>	<b>-</b>	<b>-</b>

- (i) Appointed during the year.
- (ii) Resigned during the year.

**H. Loans to Key Management Personnel**

There were no loans outstanding to or from Directors or any other Key Management Personnel at the financial year ended 30 June 2020.

**I. Other Transactions with Key Management Personnel**

There were no other transactions with key management personnel during the financial year ended 30 June 2020

**17. CORPORATE GOVERNANCE**

The Company's corporate governance statement can be found in the investor section of the Company's website

Corporate governance disclosures not included in the Company's corporate governance statement or elsewhere in this report are as follows:

**18. AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the financial year ended 30 June 2020 has been received and can be found on the following page 22 of this Annual Report.

**19. AUDITOR**

Elderton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

**TV2U INTERNATIONAL LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in cursive script that reads "nick fitzgerald".

**Nick Fitzgerald  
Director and CEO**

**Perth, Western Australia  
05 October 2020**

**Auditor's Independence Declaration**

To those charged with governance of TV2U International Limited;

As auditor for the audit of TV2U International Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**  
Managing Director

Perth  
05 October 2020



**TV2U INTERNATIONAL LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>Revenue from continuing operations</b>			
Revenue and other Income	5	1,143,967	478,856
Cost of goods sold		-	(64,726)
Employee benefits expense	6	28,220	(118,515)
Administrative expenses	6	(829,708)	(3,565,421)
Finance costs	6	(8,144)	(871)
Depreciation and amortisation	6	(981,370)	(879,862)
Share-based payment expense		-	(140,281)
Foreign exchange Gain/ ( loss)		12,892	(35,456)
<b>Loss from continuing operations before income tax</b>		<b>(634,143)</b>	<b>(4,326,276)</b>
Income tax expense	7	-	-
<b>Loss from continuing operations after income tax</b>		<b>(634,143)</b>	<b>(4,326,276)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange difference on translation		(31,969)	1,556
<b>Other comprehensive income for the year, net of tax</b>		<b>(31,969)</b>	<b>1,556</b>
<b>Total comprehensive loss for the year</b>		<b>(666,112)</b>	<b>(4,324,720)</b>
		<u>Cents</u>	<u>Cents</u>
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>			
Basic loss per share - cents per share	19	(0.03)	(0.20)
Diluted loss per share - cents per share	19	(0.03)	(0.20)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes to the consolidated financial statements

**TV2U INTERNATIONAL LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	30-Jun-20	30-Jun-19
<b>Current Assets</b>			
Cash and cash equivalents	8	3,615,435	293,029
Trade and other receivables	9	200,328	206,090
Other assets	10	1,150,259	8,224
<b>Total Current Assets</b>		<b>4,966,022</b>	<b>507,343</b>
<b>Non-Current Assets</b>			
Plant and equipment	11	18,275	48,393
Intangible assets	12	-	-
<b>Total Non-Current Assets</b>		<b>18,275</b>	<b>48,393</b>
<b>TOTAL ASSETS</b>		<b>4,984,297</b>	<b>555,736</b>
<b>Current Liabilities</b>			
Trade and other payables	13	328,938	800,846
Convertible note liability	14	1,320,002	1,463,013
Other liabilities	15	4,959,303	43,877
<b>Total Current Liabilities</b>		<b>6,608,243</b>	<b>2,307,736</b>
<b>TOTAL LIABILITIES</b>		<b>6,608,243</b>	<b>2,307,736</b>
<b>NET LIABILITIES</b>		<b>(1,623,946)</b>	<b>(1,752,000)</b>
<b>Equity</b>			
Contributed equity	16	29,724,036	28,929,870
Reserves	17	351,414	1,892,807
Accumulated losses		(31,668,194)	(32,575,444)
Translation Reserve (FCTR)	17	(31,202)	767
<b>TOTAL EQUITY</b>		<b>(1,623,946)</b>	<b>(1,752,000)</b>

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes to the consolidated financial statements.

TV2U INTERNATIONAL LIMITED  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Contributed Equity	Share-based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>26,558,087</b>	<b>1,475,099</b>	<b>224</b>	<b>(28,249,168)</b>	<b>(215,758)</b>
<b>Comprehensive loss:</b>					
Loss for the year	-	-	-	(4,326,276)	(4,326,276)
Other comprehensive income	-	1,014	543	-	1,557
<b>Total comprehensive income/(loss) for the year Transactions with owners in their capacity as owners:</b>	-	1,014	543	(4,326,276)	(4,324,719)
Share-based payments	-	65,280	-	-	65,280
Expiry of options	-	-	-	-	-
Share issue costs	(128,743)	-	-	-	(128,743)
Issued for non - cash	447,374	-	-	-	447,374
Share Purchase- Lind	745,000	-	-	-	745,000
Shares issued for convertible notes	1,308,152	-	-	-	1,308,152
Listed Options	-	351,414	-	-	351,414
<b>Total transactions with owners</b>	<b>2,371,783</b>	<b>416,695</b>	<b>-</b>	<b>-</b>	<b>2,838,477</b>
<b>At 30 June 2019</b>	<b>28,929,870</b>	<b>1,892,807</b>	<b>767</b>	<b>(32,575,444)</b>	<b>(1,752,000)</b>
<b>Balance at 1 July 2019</b>	<b>28,929,870</b>	<b>1,892,807</b>	<b>767</b>	<b>(32,575,444)</b>	<b>(1,752,000)</b>
<b>Comprehensive loss:</b>					
Loss for the year	-	-	-	(634,143)	(634,143)
Other comprehensive income	-	-	(31,969)	-	(31,969)
<b>Total comprehensive income/(loss) for the year Transactions with owners in their capacity as owners:</b>					
Share-based payments	94,165	-	-	-	94,165
Shares issued for convertible notes	-	-	-	-	-
Expiry of options	-	-	-	-	-
Share issue costs	-	-	-	-	-
Issued for non - cash	-	-	-	-	-
Share Purchase- Lind	700,000	-	-	-	700,000
Listed Options	-	-	-	-	-
<b>Total transactions with owners</b>	<b>794,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>794,166</b>
Transfer from reserve to retained earnings		(1,541,393)	-	1,541,393	-
<b>At 30 June 2020</b>	<b>29,724,036</b>	<b>351,414</b>	<b>(31,202)</b>	<b>(31,668,194)</b>	<b>(1,623,946)</b>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the consolidated financial statements

**TV2U INTERNATIONAL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
<b>Cash flows used in operating activities</b>		
Payments to suppliers and employees	(2,564,324)	(3,071,260)
Interest paid/received	(7,860)	(871)
Receipts from customers	5,100,424	9,946
<b>Net cash flows used in operating activities</b>	<b>2,528,240</b>	<b>(3,062,185)</b>
<b>Cash flows used in investing activities</b>		
Payment for plant and equipment	-	(16,382)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(16,382)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	794,166	895,000
Share issue costs	-	-
Proceeds/(repayment) of related party loan	-	-
Proceeds from issue of options	-	351,414
Proceeds from issue of Convertible Notes	-	1,678,851
<b>Net cash flows provided by financing activities</b>	<b>794,166</b>	<b>2,925,265</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,322,406</b>	<b>(153,302)</b>
Cash and cash equivalents at beginning of year	293,029	446,331
<b>Cash and cash equivalents at end of year</b>	<b>3,615,435</b>	<b>293,029</b>

The Consolidated Statement of Cash Flows is to be read in Conjunction with the accompanying notes to the consolidated financial statements.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**1. REPORTING ENTITY**

TV2U International Limited (“the Company” or “Parent Entity”) and its controlled entities (together the “Group”) is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited (“ASX”). The addresses of its registered office and principal place of business are disclosed in the Corporate Directory of the annual report.

The separate financial statements of the Parent Entity have not been presented within this financial report as permitted by the *Corporations Act 2001*. However, summary of financial is presented in note 24. The nature of the operations and principal activities of the Company are described in the Directors’ Report.

The financial report was authorised for issue on 5<sup>th</sup> October 2020.

**2. BASIS OF PREPARATION**

**(a) Going Concern**

During the year, the Group incurred a net loss after income tax for the year ended 30 June 2020 of \$634,143 (2019: \$4,326,276), incurred net cash inflows in operating activities of \$2,528,240 (2019: outflow of \$3,062,185), and had a net current liabilities of -\$1,642,221 at 30 June 2020 (2019: net current liabilities of -\$1,752,000).

The ability of the Group to continue as a going concern is dependent on the following:

- Securing additional funding through capital raising to continue to meet its working capital requirements in the next 12 months.
- Successful conversion of convertible notes to equity as described in more details in Note 14 and;
- If necessary, reducing its operating cost structure in order to minimise its working capital

TV2U is currently in late-stage negotiations with several potential clients which span multiple geographies and end-markets, including retail, entertainment, travel and esports. The company will update investors as these project negotiations proceed to commercial contracts.

These conditions indicate a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at the amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

**(b) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing the financial statements.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**2. BASIS OF PREPARATION (CONT)**

**(c) Reverse Acquisition accounting**

On 9<sup>th</sup> February 2016, TV2U (formerly known as Galicia Energy Corporation Limited), the legal parent and legal acquirer, completed the acquisition of TV2U Worldwide Pty Ltd (“TV2U Subsidiaries”). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a Group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations given the substance of the transaction is that TV2U Subsidiaries have effectively been recapitalised. Accordingly, the consolidated financial statements have been prepared as if TV2U Subsidiaries have acquired TV2U, not vice versa as represented by the legal position. The recapitalisation is measured at the fair value of the equity instruments that would have been given by TV2U Subsidiaries to have exactly the same percentage holding in the new structure at the date of the transaction.

**(d) Basis of measurement**

Except for cash flow information, the financial report has been prepared on accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

**(e) Functional and presentation currency**

The presentation currency of the Group is Australian dollars (AUD).

**(f) New, revised or amended standards and interpretations adopted by the Group**

The Group has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers which became effective for financial reporting periods commencing on or after 1 January 2018

**AASB 9 Financial Instruments**

The Group has adopted AASB 9 from 1 July 2018 because the new accounting standard provides more relevant information to users of the financial report, in that it introduces new requirements for the classification and measurement of financial assets and financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets and liabilities as compared to the requirements of AASB 139. The new standard is effective for annual reporting periods beginning on or after 1 January 2018.

The adoption of AASB 9 now requires the Group to account for impairment losses on financial assets through a forward-looking expected credit loss (ECL) approach. For trade and other receivables, the Group has applied the standard’s simplified approach for calculating ECLs based on lifetime expected credit losses. This did not result in the recognition of a material impairment loss on the Group’s receivable. There were no changes to the Group’s other financial liabilities.

Due to the nature of the Group’s financial assets and liabilities, the adoption of AASB 9 did not result in a significant impact to any transactions or balances recognised in the financial statements at 30 June 2020.

**2. BASIS OF PREPARATION (CONT)**

**(f) New, revised or amended standards and interpretations adopted by the Group (cont)**

**AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time;
- provides a new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

**AASB 16: Leases**

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an arrangement contains a Lease, AASB interpretation 115 Operating Leases-Incentives and AASB interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments) and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

Based on the Group's detailed assessment for the impact of AASB 16, the standard has not had a material impact on the transactions and balances recognised in the financial statements. The Company's overseas subsidiaries have rent agreements for the office premises in Lahore and Kuala Lumpur. Both rent agreements allow either party to terminate the contract without significant penalties hence under the AASB16 there are

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. BASIS OF PREPARATION (CONT)**

**(f) New, revised or amended standards and interpretations adopted by the Group (cont)**

no non-cancellable period exists. All premises rental agreements are classified as short term leases and the group recognise rent payments as an operating expense on a straight-line basis over the term of the lease

**(g) New standards and interpretations not yet mandatory or early adopted**

There are a number of new Accounting standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. The Company has not elected to early adopt any new Standards or Interpretations. The adoption of the Standards or Interpretations are not expected to have material impact on the financial statements of the Group.

<b>AASB 2014-10</b>	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 <i>Business Combinations</i> . Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investor’s interests in the associate or joint venture.  AASB 2015-10 deferred the mandatory effective date (application date) of AASB 2014-10 so that the amendments were required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. AASB 2017-5 further defers the effective date of the amendments made in AASB 2014-10 to periods beginning on or after 1 January 2022.	1 January 2022	1 July 2022
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The accounting policies set out below have been applied consistently in these financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of TV2U International Limited and its subsidiaries (“the Group”) as at 30<sup>th</sup> June each year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(a) Basis of Consolidation (cont)**

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses from intra-Group transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

Business combinations have been accounted for using the acquisition method of accounting.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is revalued to its fair value with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

**(b) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**(c) Asset acquisition**

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* applies. No goodwill will arise on the acquisition.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars. The functional and presentation currency of the Company is Australian dollars. The functional currencies of the subsidiaries are Singapore Dollars (SGD).

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(d) Foreign currency translation (cont)**

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

**(iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date,
- Revenue and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

**(e) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amount collected on behalf of other parties.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

As the Group has adopted the AASB 15 and in line with the requirements of the standard have set up a revenue recognition model based on the following five steps;

Step 1: Identify the contract with a customer

Step 2: Identify the performance Obligation

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when or as the performance obligation is satisfied

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(e) Revenue Recognition (cont)**

The Group's revenue model is categorised into four sub-categories:

**1. Revenue from license fees**

The Group owns OTT platform technology and sells the licenses to its customers. Group evaluates the substance of the contract and measures the performance obligations on a project by project basis when recognising revenue from license fees. Revenue is recognised to the extent the performance obligations are met and right to receive the payment is established.

**2. Revenue from development of new platforms and technologies**

The Group continues to develop the new products as the need arises and to fulfil the demands of the customers. The Revenue from such projects is recognised when the performance obligation is met. The development of the projects is further categorised into five phases and the transaction price related to each phase is determined as below:

- A. R & D and designing – Cost component recognised as revenue; no margin.
- B. Development of technology – Cost component recognised as revenue; release % complete revenue based on project budget.
- C. Implementation – Cost component recognised as revenue, adjustment to release 50% of forecasted margin.
- D. Integrations – Revenue recognised up to the value of cost plus adjustment to release 80% margin.
- E. Testing and customisations – upon completion, revenue recognised at final contract value.

Group evaluates the substance of the distinct contracts and measures the performance obligations on a project by project basis when recognising revenue from platform development. Revenue is recognised to the extent the performance obligations are met and right to receive the payment is established

**3. Revenue sharing based on the subscription models**

The Group proceeds a percentage of the revenue share from the monthly subscription for the management and service of the OTT platform and technology. Group recognises the revenue when the ultimate subscribers have subscribed to the service on a monthly basis.

**4. Revenue share from third-party services**

The revenue generated through the platform to a third-party service such as but not limited to e-commerce, betting, and merchandise. The Group becomes entitled to an agreed percentage of the revenue generated from such transactions and recognises this revenue on a monthly basis based off the CRM report and upon receipt of payments.

**Interest Income**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(f) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.
- The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities shall be offset only if:

- (a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

**(g) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(g) Goods and Services Tax**

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of cash flows.

**(i) Trade and Other Receivables**

Trade and other receivables, which generally have 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

**(j) Plant and equipment owned assets**

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

**Subsequent costs**

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

**Depreciation**

Depreciation is charged to the consolidated statement of comprehensive income using a straight-line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current financial year are as follows:

- Computer equipment – 3 years

**(j) Plant and equipment (cont)**

**Impairment**

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

**(k) Intangible assets**

*IT development and software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

These intangible assets have finite lives and are subject to amortisation on a straight-line basis. The useful lives for these assets are as follows:

- Software 4 years

**(l) Financial Instruments**

***Recognition, initial measurement and derecognition***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(I) Financial Instruments (cont)**

***Classification and subsequent measurement***

***Financial assets***

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

***Financial assets at fair value through other comprehensive income (Equity instruments)***

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(I) Financial Instruments (cont)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

***Financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

***Impairment***

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months.

Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(l) Financial Instruments (cont)**

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**(m) Comparative information**

The Group has applied AASB 9 *Financial Instruments* retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

*Classification*

Until 30 June 2019, the group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

**(n) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(o) Employee Leave Benefits**

*Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

**(p) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(q) Earnings Per Share**

*Basic earnings per share*

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*Diluted earnings per share*

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(r) Share-Based Payments**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a calculation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(r) Share-Based Payments (cont)**

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(s) Comparative Figures**

When required by Accounting Standards, comparative information has been reclassified to be consistent with the presentation in the current year.

**(t) Significant Accounting Estimates and Judgments**

*Significant accounting judgments*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

*Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of derivative component is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

The liability component of a convertible note is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is recognized initially at fair value and the liability component is calculated as the difference between the financial instrument as a whole and the value of the derivative at inception. Any directly attributable transaction costs are allocated to the convertible note liability and convertible note derivative in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible note is measured at amortised cost using the effective interest method.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(t) Significant Accounting Estimates and Judgments**

*Convertible note derivative*

Derivative financial instruments are stated at fair value. The fair value of the derivative has been valued using a valuation technique including level 3 inputs which is updated each period. Gains and losses arising out of changes in fair value of these instruments together with settlements in the period are accounted for through the Income Statement through net finance costs.

The convertible note liability and derivative are removed from the Statement of Financial Position when the obligations specified in the contract are discharged, this can occur upon the option holder exercising their option or the option period lapses requiring the company to discharge the obligation. Both convertible note

liability and derivative are classified as current liabilities as investor has a sole discretion at any time to convert any amount outstanding on the convertible security into shares of the Company.

**4. SEGMENT INFORMATION**

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

During the period the Group operated as one business segment, being wholesale television provider to B2B clients. Through its established in-country relationships and management expertise, the Company intends to expand its asset portfolio throughout Australia, Singapore, Brazil (LATAM), Hong Kong, Malaysia, Indonesia and South Africa.

**5. REVENUE & OTHER INCOME**

	<u>30-Jun-20</u>	<u>30-Jun-19</u>
	\$	\$
<b>Revenue and other income from continuing operations</b>		
Revenue and other income	49,705	136,052
Net gain arising on financial liabilities	660,000	30,271
Fair value movement in Derivative	434,262	312,533
<b>Total Revenue and other income</b>	<u>1,143,967</u>	<u>478,856</u>

**6. EXPENSES**

	<u>30-Jun-20</u>	<u>30-Jun-19</u>
<b>Employee benefits expense</b>		
Directors fees & other benefits <sup>1</sup>	(28,220)	118,515
<b>Total employee benefits expense</b>	<u>(28,220)</u>	<u>118,515</u>

<sup>1</sup> Due to reversal of director fee accrued for Mr. Alan Boyed related to prior year as no longer payable

<b>Administrative expenses</b>		
Consulting & corporate expenses	604,421	2,298,479
Compliance & regulatory expenses	96,366	177,198
Commission expenses	(167,763)	-
Other Administrative expenses	296,684	1,089,744
<b>Total administrative expense</b>	<u>829,708</u>	<u>3,565,421</u>

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**6. EXPENSES (CONT)**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
<b>Depreciation &amp; amortisation</b>		
Depreciation and amortisation of computer equipment and intangible assets	30,119	94,046
Amortization of Convertible note Liability	951,251	785,816
<b>Total depreciation &amp; amortisation</b>	<b>981,370</b>	<b>879,862</b>
<b>Finance Costs</b>		
Interest expense	8,144	871
<b>Total finance costs</b>	<b>8,144</b>	<b>871</b>

**7. INCOME TAX EXPENSE**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
<b>Numerical reconciliation of income tax expense to prima facie tax payable:</b>		
Accounting loss before income tax	(634,143)	(4,326,276)
<b>Prima facie tax payable on loss at 27.5% (2018: 27.5%)</b>	<b>(174,389)</b>	<b>(1,189,726)</b>
<b>Adjustments in respect of:</b>		
Effect of Foreign Losses Foregone	130,425	694,029
Permanent differences	(38,146)	267,674
Net timing differences	(113,795)	(112,550)
Deferred tax assets on losses not recognised	195,905	340,573
<b>Total income tax on operating loss</b>	<b>-</b>	<b>-</b>
<b>Unrecognised deferred tax assets and liabilities:</b>		
Deferred tax assets not brought to account:		
Timing differences	108,624	(222,509)
Tax losses	2,790,559	2,817,163
	<b>2,899,183</b>	<b>2,594,654</b>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits from.

The potential deferred tax assets will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) The Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in tax legislation adversely affect the Company in realising the benefits.

**Tax Losses**

The Group has estimated tax losses for which no deferred tax asset is recognised in the statement of financial position of \$2,899,183 (2019: \$2,594,654) which are available indefinitely for offset against future taxable income subject to meeting the relevant statutory tests.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**8. CASH & CASH EQUIVALENTS**

**(a) Reconciliation to cash at the end of the year**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Cash at bank and in hand	3,615,435	293,029
	<b>3,615,435</b>	<b>293,029</b>

**(b) Reconciliation of net loss after income tax to net cash flows used in operating activities**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
<b>Net loss after income tax</b>	(634,143)	(4,326,276)
<b>Adjustments for:</b>		
Depreciation & amortisation	981,370	879,862
Share-based payments & consideration for services	-	140,281
Foreign exchange adjustment	(983,220)	(786,032)
Finance Cost	-	45,024
<b>Change in assets and liabilities</b>		
Trade & other receivables	5,763	687,152
Trade & other payables	(614,919)	1,100,162
Other assets	(5,481)	(11,118)
Deferred Development Cost	(1,136,554)	-
Other liabilities	4,915,424	(791,240)
<b>Net cash provided by (used in) operating activities</b>	<b>2,528,240</b>	<b>(3,062,185)</b>

**9. TRADE AND OTHER RECEIVABLES**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Trade receivables	-	128,223
Other receivables <sup>1</sup>	200,328	77,867
	<b>200,328</b>	<b>206,090</b>

<sup>1</sup> Other receivables includes \$177,495 expenses paid on behalf of Talico Technologies Pte Ltd.

**(a) Trade receivables past due but not impaired**

There were no trade receivables past due but not impaired.

**(b) Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying amount is assumed to be approximately their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 19 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**10. OTHER ASSETS**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Prepayments	13,705	8,224
Deferred Development Cost <sup>1</sup>	1,136,554	-
	<b>1,150,259</b>	<b>8,224</b>

<sup>1</sup> Deferred development cost represents the cost spent on Next Gen 360 and Fan engagement platform till 30-06-2020. As due to the requirements of the performance obligations under AASB15, Revenue was deferred to the future periods hence the related cost was deferred as well.

**11. PLANT & EQUIPMENT**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
At cost	127,664	127,663
Accumulated depreciation	(109,389)	(79,270)
<b>Total Computer Equipment</b>	<b>18,275</b>	<b>48,393</b>

	<b>Computer Equipment</b>	<b>Total</b>
	\$	\$
<b>Carrying amount at 30 June 2018</b>	66,753	26,332
<b>Movement during the year</b>		
Additions	17,667	66,506
Depreciation expense	(36,027)	(26,085)
<b>Carrying amount at 30 June 2019</b>	48,393	66,753
Additions	-	17,667
Depreciation expense	(30,118)	(36,027)
<b>Carrying amount at 30 June 2020</b>	<b>18,275</b>	<b>48,393</b>

**12. INTANGIBLE ASSETS**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Software and development – at cost	262,984	265,311
Less: Accumulated amortisation	(262,984)	(265,311)
	-	-
<i>Movement:</i>		
Balance at the beginning of the year	56,248	56,248
Additions	-	-
Amortisation expense	-	(58,019)
Translation difference	(56,248)	1,771
Balance at the end of the year	-	-

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**13. TRADE AND OTHER PAYABLES**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Trade payables	90,000	249,188
Other payables	238,938	551,658
	<b>328,938</b>	<b>800,846</b>

All trade and other payables are non-interest bearing and are normally settled on 30-day terms. Due to the short term nature of trade and other payable, their carrying value is assumed to approximate their fair value.

**14. CONVERTIBLE NOTE LIABILITY**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Convertible note Host Liability	432,772	368,750
Embedded derivative	887,229	1,094,263
	<b>1,320,002</b>	<b>1,463,013</b>
<b>Movement reconciliation</b>		
Convertible note Liability	1,094,263	62,934
Financial Liability Conversion	368,750	1,437,066
Draw down during the year	1,463,013	1,500,000
Less:		
Amortisation	951,251	785,816
Fair Value movement in derivatives	-	(312,533)
Net Loss on Financial Liabilities	(1,094,262)	(30,270)
Repayments -Conversion to Shares	-	(480,000)
	(143,011)	(36,987)
Closing Liability	<b>1,320,002</b>	<b>1,463,013</b>

**Convertible Notes**

The Convertible Security Funding Agreement entered into by the Company with Lind in September 2018 (as announced to ASX on 17 September 2018) (the Existing Funding Agreement), under which the Company has drawn down A\$1,500,000 in funds to date, remains in place. The terms of the Existing Funding Agreement still provide the Company with the ability to request up to an additional A\$1,200,000 (in three tranches of A\$400,000 each) during the term of the Existing Funding Agreement through the issue of a second, third and fourth convertible security, subject to certain conditions having been met. Under the new arrangement, the original collateral shares issued under the Existing Funding Agreement have been reduced to zero, while the Company has been granted an extension of the repayment holiday under that Existing Funding Agreement to 30 April 2019. First convertible security had a face value of \$1,800,000 that will be repayable over 18 months. Tv2u will make 15 monthly repayments of \$120,000 in either shares or cash. The monthly repayment amount in shares will be determined using 90% of the average of three daily VWAPs per share. Tv2u paid Lind a commitment fee of \$45,000 and an execution of the Agreement Tv2u issued 30,000,000 fully paid ordinary share and 62,500,000 unlisted options to purchase ordinary shares in Tv2u with an exercise price equal to 130% of the average daily VWAP during the 20 trading days prior to execution of the Agreement, with an expiry date of 36 months after the date of issue.

Lender has extended the repayment term to 31 March 2021.



**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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An independent expert valuation of the convertible notes was completed, and key features of the valuation level are listed below under Valuation approach.

**Valuation Approach**

Expert valuer used valuation approach as follows:

- Valuation was carried out only the First Convertible Security (as defined in the Convertible Security Agreement) of \$1.5m (also referred to as 'Convertible Security' in this report) as the other three tranches of \$400k each have not been issued;
- Valuation of the Convertible Security on the date of the financial year ended 30 June 2020;
- There is a total of 15 repayments to be made on the Convertible Security. The first repayment of \$120,000 occurred on or around 19 December 2018 but the holiday period for repayment was extended to 30 April 2019. Therefore, the second monthly repayment was made in May 2019. Under the scheduled repayment, three repayments should be repaid by 30 June 2019 but the repayment in July 2019 was brought forward and consequently four repayments had been made by 30 June 2019. Therefore, the next monthly repayment would be made in August 2019;
- The maturity date of the convertible security was extended to March 2021;
- The holiday period, in order to obtain the average three daily VWAPs from the last 20 trading days immediately prior to the notice dates;
- As it is in the investor's sole discretion to select the average three daily VWAPs, we have selected the lowest three VWAPs in the relevant 20 trading days;
- In view of the monthly repayments in 11 remaining instalments, we have broken up our valuation into the 11 sub-tranches, each with a conversion feature;
- Whilst cash repayment is an option, we understand it is unlikely to happen and we have only considered the conversion option for the purpose of valuing the financial instrument;
- We have assumed that the conversion option of the investor is optimised if converted at the end of the maturity date, hence we have not taken into account early exercise; and

**15. OTHER LIABILITIES**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	<b>\$</b>	<b>\$</b>
Income invoiced in advance	4,959,303	43,877
	<b>4,959,303</b>	<b>43,877</b>

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**16. CONTRIBUTED EQUITY**

Issued and fully paid	30-Jun-20		30-Jun-19	
	No. of shares	\$	No. of shares	\$
Ordinary shares	2,650,666,640	29,697,669	2,546,274,779	28,929,870
<i>Movements in ordinary share capital</i>				
	30-Jun-20		30-Jun-19	
	No. of shares	\$	No. of shares	\$
(a) Ordinary Shares At the beginning of the	2,546,274,779	28,929,870	1,973,704,954	26,558,087
Less:				
Elimination of Existing TV2U Subsidiary				
Shares			-	
Add:				
Existing TV2U Shares on acquisition			-	
Shares issued during the period				
- Issue of share to settle debts				
- Capital raising				
- Issue of TV2U shares on acquisition of				
TV2U Subsidiary				
- Share placement				
Transaction costs relating to share issues	-		-	(128,743)
Share issued for convertible notes			320,300,916	1,308,152
Share purchase - Lind	97,023,809	700,000	191,250,000	745,000
Issued for non -Cash			61,018,909	447,374
Share based payments	7,368,052	94,166	-	-
At the end of the reporting period	<b>2,650,666,640</b>	<b>29,724,036</b>	<b>2,546,274,779</b>	<b>28,929,870</b>

The ordinary shares rank equally in all respects with all ordinary shares in the Company. The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules. Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote for any share held by the Shareholder.

**Capital Risk Management**

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

Management effectively manages capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses may include the issue of new shares, return of capital to shareholders, the entering into of joint ventures and or the sale of assets.

The Company does not have a defined share buy-back plan. Management reviews management accounts on a monthly basis and regularly reviews actual expenditures against budget. The Group is not subject to externally imposed capital requirements.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

*Options on issue as at 30 June 2020*

Expiry Date	Exercise Price	Number of Listed Options	Number of Unlisted Options
30 March 2021	\$0.02	351,413,781	-
18 September 2021	\$0.011	-	62,500,000
27 December 2021	\$0.02	-	5,500,000
23 January 2022	\$0.007	-	60,000,000
22 February 2022	\$0.0065	-	9,900,000
29 March 2022	\$0.0065	-	13,200,000
1 May 2022	\$0.0052	-	10,312,500
29 May 2022	\$0.0039	-	16,500,000
9 July 2022	\$0.0104	-	6,187,500
12 August 2022	\$0.0078	-	5,500,000
17 September 2022	\$0.0104	-	6,187,500
17 October 2022	\$0.0091	-	7,071,429
16 November 2022	\$0.0091	-	7,071,429

**17. RESERVES**

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
Share Based Payment Reserve	351,414	1,892,807
Foreign Currency Translation Reserve	(31,202)	767
	<b>320,212</b>	<b>1,893,574</b>
<b>Movement reconciliation</b>		
Share Based Payment Reserve		
Balance at the beginning of the year	1,892,807	1,475,099
Consideration options (i)		
Performance rights (ii)	-	65,280
Options issued for Convertible notes	-	-
Expiry of options	-	-
Listed Options	-	351,414
Other reserves		
Exchange difference on translation	-	1,014
Transfer to retained earnings	(1,541,393)	-
Balance at end of the year	<b>351,414</b>	<b>1,892,807</b>
Foreign Currency Translation Reserve		
Balance at the beginning of the year	767	224
Exchange difference on translation	(31,969)	543
Balance at end of the year	<b>(31,202)</b>	<b>767</b>

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**18. SHARE BASED PAYMENTS**

• **Options**

All options granted are for ordinary shares in TV2U which confer a right of one ordinary share for every option held.

As at June 30

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the period	Exercised/ Balance at Expired during end of the the period period	Vested & exercisable at end of the period
<b>Listed Options</b>						
7-May-19	30-Mar-21	\$ 0.001	351,413,781	-		351,413,781
<b>Unlisted options</b>						
18-Sep-18	18-Sep-21	\$ 0.0110	62,500,000	-		62,500,000
28-Dec-18	27-Dec-21	\$ 0.0200	5,500,000	-		5,500,000
23-Jan-19	22-Feb-22	\$ 0.0065	9,900,000	-		9,900,000
23-Jan-19	23-Jan-22	\$ 0.0070	60,000,000	-		60,000,000
5-Mar-19	29-Mar-22	\$ 0.0065	13,200,000	-		13,200,000
5-Apr-19	1-May-22	\$ 0.0052	10,312,500	-		10,312,500
10-May-19	29-May-22	\$ 0.0039	16,500,000	-		16,500,000
12-Jun-19	09-Jul-22	\$ 0.0104		6,187,500		6,187,500
17-Jul-19	12-Aug-22	\$ 0.0078		5,500,000		5,500,000
11-Aug-19	17-Sept-22	\$ 0.0104		6,187,500		6,187,500
23-Sep-19	17-Oct-22	\$ 0.0091		7,071,429		7,071,429
23-Oct-19	16-Nov-22	\$ 0.0091		7,071,429		7,071,429
			<b>529,326,281</b>	<b>32,017,858</b>	<b>-</b>	<b>561,344,139</b>

• **Performance Rights**

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the period	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
09-Feb-16***	09-Feb-20	Nil	142,857,143	-	-	142,857,143	-	
	-							
09-Feb-16****	09-Feb-20	Nil	178,571,428	-	-	178,571,428	-	
	-							
03 July-19	03-07-19	Nil	-	2,310,212	1,117,789		1,192,423	1,192,423
			<b>321,428,571</b>	<b>2,310,212</b>	<b>1,117,789</b>	<b>321,428,571</b>	<b>1,192,423</b>	<b>1,192,423</b>

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**19. EARNINGS PER SHARE**

The calculation of basic loss per share at 30 June 2020 was based on the loss attributable to ordinary shareholders of \$634,143 (2019: \$4,326,276) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2020 of 2,254,005.452 (2019: 2,169,450,115) calculated as follows:

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
Net loss attributable to ordinary equity holders of the Company (\$)	(634,143)	(4,326,276)
Weighted average number of ordinary shares for basis per share (No.)	2,254,005,452	2,169,450,115
<b>Continuing operations</b>		
- Basic loss per share (cents)	<b><u>(0.03)</u></b>	<b><u>(0.20)</u></b>
<b>Potential ordinary shares that are not dilutive and not used in the calculation of diluted EPS:</b>	<b>2020 No.</b>	<b>2019 No.</b>
Share Options (No.)	529,326,281	529,325,789
Performance shares (No.)	1,192,423	341,428,571

**20. FINANCIAL RISK MANAGEMENT**

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

At the reporting date, the Group had the following mix of financial assets and liabilities.

	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
<b>Financial Assets</b>		
Cash & cash equivalents	3,615,435	293,029
Trade & other receivables	1,350,587	214,314
<b>Total Financial Assets</b>	<b>4,966,022</b>	<b>507,343</b>
<b>Financial Liabilities</b>		
Trade & other payables	(328,938)	(800,846)
Convertible Note Liability	(1,320,002)	(1,463,013)
Other liabilities	(4,959,303)	(43,879)
<b>Total Financial Liabilities</b>	<b>(6,608,243)</b>	<b>(2,307,738)</b>
<b>Net exposure</b>	<b>(1,642,221)</b>	<b>(1,800,395)</b>

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

**Cash**

The carrying amount is fair value due to the liquid nature of these assets.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Receivables/Payables/Borrowings**

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

**Fair value measurements of financial assets**

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

**Fair value hierarchy**

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

	Level	Carrying amount		Fair Value	
		30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
<b>Financial assets and liabilities measured at fair value</b>					
Convertible note derivative	Level 2	887,229	1,094,263	887,229	1,094,263
Listed equity securities	Level 1	-	-	-	-
		<u>887,229</u>	<u>1,094,263</u>	<u>887,229</u>	<u>1,094,263</u>
<b>Financial assets and liabilities not measured at fair value</b>					
Convertible note liability	Level 2	<u>432,772</u>	<u>368,750</u>	<u>432,72</u>	<u>368,750</u>

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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**Risk Exposures and Responses**

**Interest Rate Risk**

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	<u>Effective Average</u> <u>Interest Rate</u>	<u>30-Jun-20</u>	<u>Effective Average</u> <u>Interest Rate</u>	<u>30-Jun-19</u>
	%	\$	%	\$
Cash & cash equivalents	3.30%	3,615,435	3.30%	293,029

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity relating to financial assets of the Group would have been affected as follows:

Judgements of reasonably possible movements: Post tax loss – higher / (lower)	<u>30-Jun-20</u>	<u>30-Jun-19</u>
	\$	\$
+ 0.5%	180,772	14,651
- 0.5%	(180,772)	(14,651)
Equity – higher / (lower)		
+ 0.5%	180,772	14,651
- 0.5%	(180,772)	(14,651)

**Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk. All receivables are due within 30 days and none are past due.

**Cash**

The Group's primary banker is National Australia Bank. The Board considers the use of this financial institution, which has a short term rating of A- from Standards and Poors to be sufficient in the management of credit risk with regards to these funds.

**Trade & other receivables**

While the Group has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**20. FINANCIAL RISK MANAGEMENT (CONT)**

**Cash at bank and short-term bank deposits:**

<b>Standards &amp; Poors rating A</b>	<b>30-Jun-20</b>	<b>30-Jun-19</b>
	\$	\$
	<b>3,615,435</b>	<b>293,029</b>

There are no significant concentrations of credit risk within the Group.

**Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place other than the Convertible Notes to be authorised by shareholders at the EGM on 28 September 2017.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. Trade payables were non-interest bearing and were due within the normal 30-60 day terms of creditor payments.

The table below reflects the respective undiscounted cash flows for financial liabilities. The risk implied from the values shown in the table below reflects outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in the Company's on-going operations.

<b>Contractual maturities of financial liabilities</b>	<b>&lt;6 Months</b>	<b>6 - 12 Months</b>	<b>&gt;12 months</b>	<b>Total Contractual Cash Flow</b>	<b>Carrying Amount</b>
	\$	\$	\$	\$	\$
<b>30-Jun-20</b>					
Trade & other payables	328,938	-	-	-	328,938
Convertible note liability	-	1,320,002	-	-	1,320,002
Other Liability	4,959,303	-	-	-	4,959,303
	<b>5,288,241</b>	<b>1,320,002</b>	<b>-</b>	<b>-</b>	<b>6,608,243</b>
<b>30-Jun-19</b>					
Trade & other payables	800,846	-	-	-	800,846
Convertible note liability	600,000	840,000	23,013	-	1,463,013
	<b>1,400,846</b>	<b>840,000</b>	<b>23,013</b>	<b>-</b>	<b>2,263,829</b>



**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**21. RELATED PARTY DISCLOSURE**

**a) Equity interests**

Name	Country of Incorporation	Equity Interest	
		<u>30-Jun-20</u>	<u>30-Jun-19</u>
		%	%
Cossack Investments Pty Ltd	Australia	100	100
TV2U Worldwide Pty Ltd	Australia	100	100
TV2U Singapore Pte Ltd	Singapore	100	100
Tara China Hong Kong Ltd	Hong Kong	100	100

**a) Equity interests (cont)**

Tara Singapore Pte Ltd	Singapore	100	100
Karaoke2u Pte Ltd	Singapore	100	100
Innovation2u Pte Ltd	Singapore	100	100

**b) Transactions with Related Parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

A Director, Nick Fitzgerald, is a Director in the firm Talico Technologies Pte Ltd. Talico Technologies Pte Ltd has provided consulting services to the Company during the current and previous financial year on normal commercial terms and conditions as follows:

	<u>30-Jun-20</u>	<u>30-Jun-19</u>
<b>Talico Technologies Pte Ltd:</b>	\$	\$
A firm which Director Nick Fitzgerald is a Director – Consulting services	500,000	350,000

**c) Key Management Personnel Compensation**

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2020 and 30 June 2019.

**Compensation by category**

	<u>30-Jun-20</u>	<u>30-Jun-19</u>
	\$	\$
Short-term employee benefits	649,615	883,723
Post-employment benefits	649,615	883,723

**22. COMMITMENTS AND CONTINGENCIES**

There are currently no contingent liabilities or contingent assets outstanding at the end of the current reporting year other than those disclosed in the events after reporting date.

**TV2U INTERNATIONAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**23. AUDITOR'S REMUNERATION**

	<u>30-Jun-20</u>	<u>30-Jun-19</u>
	\$	\$
(i) Audit of the financial report of the entity	20,000	27,500
(ii) Review of the financial report of the entity	10,000	20,000
	<u>30,000</u>	<u>47,500</u>

**24. DIVIDENDS**

No dividend was paid or declared by the Group in the period since the end of the financial year up to the date of this report. The Directors do not recommend that any amount to be paid by way of dividend for the financial year ended 30 June 2020.

**25. PARENT ENTITY INFORMATION**

**a) Summary financial information**

**Financial Position**

	Parent	
	<u>30-Jun-20</u>	<u>30-Jun-19</u>
	\$	\$
Current assets	9,083,694	7,174,859
Non-current assets	31,544	61,663
Total assets	<u>9,115,237</u>	<u>7,236,521</u>
<b>Liabilities</b>		
Current liabilities	16,327,440	14,411,237
Total liabilities	<u>16,327,440</u>	<u>14,411,237</u>
<b>Equity</b>		
Issued capital	13,905	1,609
Reserves	(1,286)	-
Accumulated losses	(7,224,821)	(7,176,324)
Total equity	<u>(7,212,202)</u>	<u>(7,174,715)</u>

**Financial Performance**

**Parent**

Loss for the year	(48,497)	(62,388)
Other comprehensive (loss) / income	-	-
Total comprehensive loss for the year	<u>(48,497)</u>	<u>(62,388)</u>

**b) Guarantees**

The Company has not entered into any guarantees in relation to the debts of its subsidiaries.

**c) Other Commitments and Contingencies**

Other than disclosed in Note 21 above, the Company has no commitments to acquire property, plant and equipment, and has no contingent liabilities.

**26. SUBSEQUENT EVENTS**

In June 2020, TV2U received €3,000,000 (~A\$5,000,000) from Talico (Originally was paid by Jayplus to Talico) in exchange for an exclusive license for the streaming of sports content via the NextGen Sports 360 Platform (€1,500,000) and the development of joint Intellectual Property co owned by Talico and Jayplus customer surrounding interactive, multilevel Second Screen Fan Engagement (€1,500,000).

Legal proceedings were commenced in respect of this money received alleging a constructive trust arose in respect of those funds as a result of alleged conduct by former director Bret Silvey and his private entity, Cancun Trading Pty Ltd.

The claim was settled in August 2020 through the payment by TV2U of A\$2,092,500 with a subrogated right to claim A\$2,000,000 from Jayplus

**TV2U INTERNATIONAL LIMITED**  
**DIRECTORS' DECLARATION**  
**AS AT 30 JUNE 2020**

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The Directors of TV2U International Limited declare that, in their opinion:

- (a) The financial statements and accompanying notes are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the year ended on that date.
- (b) The financial statements and accompanying notes comply with International Financial Reporting Standards as disclosed in Note 2(b).
- (c) As disclosed in 2(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



**Nick Fitzgerald**  
**Director and CEO**  
**Perth, Western Australia**  
**05 October 2020**

## Independent Audit Report to the members of TV2U International Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of TV2U International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

##### *Inherent uncertainty regarding continuation as a going concern*

Without modifying our opinion, we draw attention to Note 2(a) to the consolidated financial statements which outlines that the ability of the Group to continue as a going concern is dependent on the Group securing additional funding through either the issue of further shares and/or options.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report

### Revenue Recognition & Revenue Received in Advance

Refer to Note 5 & 15 and accounting policy Notes 3 (e)

Key Audit Matter	How our audit addressed the matter
<p>The entity has reported revenue of AUD 49k as revenue and AUD 4.9 million as deferred revenue.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates.</p> <p>There is also a risk around the timing of revenue recognition, particularly focused on the contractual terms of delivery and location of the customers.</p> <p>Based on these factors, we have identified revenue recognition as a key risk for our audit</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"><li>• considering the appropriateness of the revenue recognition accounting policies.</li><li>• analysis of available documentation to identify contract with the customers</li><li>• identifying the performance obligations in the contracts</li><li>• assessing the transfer of control to the customer by reviewing contracts.</li><li>• verifying a sample of transactions with supporting documents</li><li>• ensuring adequate disclosure in the financial statements</li></ul>

### Accounting for Convertible Notes

Refer to Note 14, (\$1.3 million) and accounting policy Notes 3 (l) and 3 (t)

Key Audit Matter	How our audit addressed the matter
<p>Accounting for convertible notes was considered a key audit matter due to:</p> <p>The complexity involved in assessing whether to account for the notes as equity, a liability or combination of both;</p> <p>Measurement at initial recognition of the individual components of the liability based on the terms and conditions of the agreement and the significant judgement in determining the fair value of the separate components of the liability; and</p> <p>Measurement subsequent to initial recognition including the fair value measurement at balance date.</p>	<p>We have evaluated the accounting for the convertible notes in accordance with the AASB 9 Financial Instruments. Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of and assessing the terms and conditions of the convertible note agreement to determine if the convertible notes are to be accounted for as equity, a liability or a combination of both.</li><li>• Reviewing the independent professional valuation reports to establish the initial recognition and subsequent measurement of host and derivative component</li><li>• Considering the appropriateness of valuation methodology against the requirements of the relevant Australian Accounting Standards.</li><li>• Assessing the adequacy of disclosures in accordance with the applicable accounting standards.</li></ul>

## Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 13 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of TV2U International Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Elderton Audit Pty Ltd**



**Nicholas Hollens**  
Managing Director

05 October 2020  
Perth



**TV2U INTERNATIONAL LIMITED  
SHAREHOLDER INFORMATION**

**TV2U INTERNATIONAL LIMITED  
SHAREHOLDER INFORMATION**

**a) Number of holders of each class of equity securities and the voting rights attached:**

As at 30 September 2020 the equity securities are as follows:

Security Name	Total Holders	Total Holdings
UNL OPT EXP 18/09/2021 @ \$0.011	1	62,500,000
UNL OPT EXP 27/12/2021 @ \$0.02	2	5,500,000
UNL OPT EXP 23/01/2022 @ \$0.007	1	60,000,000
UNL OPT EXP 22/02/2022 @ \$0.0065	1	9,900,000
UNL OPT EXP 29/03/2022 @ \$0.0065	1	13,200,000
UNL OPT EXP 01/05/2022 @ \$0.0052	1	10,312,500
UNL OPT EXP 29/05/2022 @ \$0.0039	1	16,500,000
LISTED OPTIONS EXP 30 MARCH 2021 @ \$0.02	175	351,413,781
<b>TOTAL</b>	<b>183</b>	<b>529,326,281</b>

All ordinary shares carry one vote per share without restriction.

**Distribution schedule of the number of holders in each listed class of equity security as at 30 September 2020:**

Percent of Issued Capital (%)	No. of Shareholders	ORD Issued Capital	
		Percent of Issued Capital (%)	
1 – 1,000	303	0.00	
1,001 – 5,000	92	0.01	
5,001 – 10,000	43	0.02	
10,001 – 100,000	921	2.37	
100,001 and over	1,311	97.6	
<b>Total</b>	<b>2670</b>	<b>100</b>	

**b) Holders of non-marketable parcels:**

Number of shareholders with less than a marketable parcel is 276.

Range of Holding	No. of Shareholders	Listed Options (\$0.02 , 07 May 2019)	
		Percent of Issued Capital (%)	
1 – 1,000	3	0.00	
1,001 – 5,000	12	0.01	
5,001 – 10,000	12	0.03	
10,001 – 100,000	53	0.63	
100,001 and over	95	99.33	
<b>Total</b>	<b>175</b>	<b>100</b>	

**TV2U INTERNATIONAL LIMITED  
SHAREHOLDER INFORMATION**

**c) Twenty Largest Holders of Ordinary Shares:**

Position	Holder Name	Holding	% IC
1	BLUSKY INVESTMENTS PTY LTD	365,389,924	14.31%
2	CANCUN TRADING PTY LTD	303,670,903	11.90%
3	TALICO TECHNOLOGIES PTE LTD	287,571,428	11.27%
4	LIND ASSET MANAGEMENT XIII LLC	230,166,667	9.02%
5	MR NATHAN WAYNE MANNING	71,044,694	2.78%
6	MR TROY HARRIS	40,500,000	1.59%
7	MR PASQUALE NERO & MRS KATHLEEN MARY NERO	33,000,000	1.29%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,847,655	1.09%
9	MRS DIVYA JINDAL	25,678,701	1.01%
10	PASNER PTY LTD <THE NERO SUPER FUND A/C>	21,600,000	0.85%
11	MRS JOANNA MILLIGAN & MR JOHN EDWIN MILLIGAN <TEAM ELITE SUPER FUND A/C>	21,433,697	0.84%
12	MR ZHIHAO LIANG	20,500,000	0.80%
13	CMC MARKETS STOCKBROKING NOMINEES PTY LIMITED <ACCUM A/C>	15,250,110	0.60%
14	MR RICHARD JOSEPH TEAGUE	15,200,000	0.60%
15	TIFFANY AVE INVESTMENTS PTY LTD <CASPER SUPERFUND A/C>	15,003,997	0.59%
16	MCCONVILLE HOLDINGS PTY LTD <THE MCCONVILLE A/C>	15,000,000	0.59%
16	MRS KELLIE-ANNE EILEEN SANAJKO & MR BENJAMIN CROSBIE O'CONNOR <B AND K O'CONNOR FAMILY A/C>	15,000,000	0.59%
17	DYNAMIK CAPITAL PTY LTD <DU FAMILY A/C>	14,640,000	0.57%
18	MR JAMES ANTHONY O'BRIEN	14,534,506	0.57%
19	CITICORP NOMINEES PTY LIMITED	13,293,519	0.52%
20	MR PENGTAO SHI	13,000,000	0.51%
	<b>Total</b>	<b>1,579,325,801</b>	<b>61.87%</b>

**d) Substantial shareholders of ordinary fully paid shares:**

**Percent of  
Issued  
Capital (%)**

Name	No. of Shares	
Blusky Investments Pty Ltd	365,389,924	14.31
Cancun Trading Pty Ltd	303,670,903	11.90

**TV2U INTERNATIONAL LIMITED**  
**SHAREHOLDER INFORMATION**

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**e) Twenty Largest Holders of Listed Options:**

No	Holding Name	Holding	% IC
1	JOLLY DAYS PTY LTD	41,468,762	11.80%
2	H E 2 HOLDINGS PTY LTD	35,000,000	9.96%
3	HNR INVESTMENTS PTY LTD	31,250,300	8.89%
4	MR DANNY ZHONG DAI CHEN	31,000,000	8.82%
5	MR ZHIHAO LIANG	26,000,000	7.40%
6	MR KEVIN JOHN DAY	13,876,714	3.95%
7	MR HAYDEN ROBERT STEWART	13,025,610	3.71%
8	MR PETER BUCHANAN STEVENSON	12,029,207	3.42%
9	MR GEORGE KOULOURIS	10,334,293	2.94%
10	STEWART C&H SUPER PTY LTD	10,000,000	2.85%
11	MRS HELEN MARGARET STEWART	10,000,000	2.85%
12	MR PETER DAWSON &	9,000,000	2.56%
13	CHARLEY SUPER PTY LTD	6,000,001	1.71%
14	HNR INVESTMENTS PTY LTD	5,743,750	1.63%
15	MISS WENJUN CHEN	5,000,000	1.42%
16	TIFFANY AVE INVESTMENTS PTY	5,000,000	1.42%
17	MR PETER JOHN SYMONS	4,000,000	1.14%
18	MR RICHARD JOSEPH TEAGUE	4,000,000	1.14%
19	BLUSKY INVESTMENTS PTY LTD	3,990,024	1.14%
20	COMSEC NOMINEES PTY LIMITED	3,803,655	1.08%
	<b>Total</b>	<b>280,522,316</b>	<b>79.83%</b>

**f) Unquoted equity securities**

The unlisted securities of the Company as at 30 September 2019 are as follows. The options do not carry a right to vote at a general meeting of shareholders.

**Unlisted Options**

Issue Date	Expiry Date	Exercise Price	No. of Options	No. of Holder
18-Sep-18	18-Sep-21	\$ 0.0110	62,500,000	1
28-Dec-18	27-Dec-21	\$ 0.0200	5,500,000	2
23-Jan-19	22-Feb-22	\$ 0.0065	9,900,000	1
23-Jan-19	23-Jan-22	\$ 0.0070	60,000,000	1
5-Mar-19	29-Mar-22	\$ 0.0065	13,200,000	1
5-Apr-19	1-May-22	\$ 0.0052	10,312,500	1
10-May-19	29-May-22	\$ 0.0039	16,500,000	1

**TV2U INTERNATIONAL LIMITED**  
**SHAREHOLDER INFORMATION**

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**Performance Shares**

At the date of this report, performance shares on issue are as follows:

<b>Class</b>	<b>Date Granted</b>	<b>Issue price of shares</b>	<b>Expiry Date</b>	<b>Number</b>
C	9 February 2016	Nil	-	Nil
D	9 February 2016	Nil	-	Nil

Class C Performance Shares – these performance shares will vest in the event that the EBITDA is greater than or equal to \$15 million (in any rolling 12 month period) within four years of Settlement

Class D Performance Shares – these performance shares will vest in the event that the EBITDA is greater than or equal to \$20 million (in any rolling 12 month period) within four years of Settlement

**g) On Market Buy-Back**

There is currently no on market buy-back.

**h) Restricted securities subject to escrow**

Not applicable.

**i) Group cash and assets**

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets it had acquired at the time of admission and for the period ended 30 June 2020 in a way that is consistent with its business objective and strategy.