

ASX APPENDIX 4D

TV2U INTERNATIONAL LIMITED

ABN 73 110 184 344

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 31 DECEMBER 2016

(Previous corresponding period is the period ended 31 December 2015)

KEY INFORMATION	31-Dec-16	31-Dec-15	% Change
	\$	\$	
Revenue from ordinary activities	5,533	20,549	(73%)
Loss from ordinary activities after tax attributable to members	(7,253,385)	(943,041)	669%
Net loss attributable to members	(7,253,385)	(943,041)	669%

DIVIDEND INFORMATION

No dividend has been proposed or declared.

NET TANGIBLE ASSETS PER SECURITY	31-Dec-16	31-Dec-15
Net tangible assets per security	0.08	0.31

EARNINGS PER SHARE	31-Dec-16	31-Dec-15
	Cents	Cents
Basic earnings per share	(0.60)	(0.25)
Diluted earnings per share	(0.60)	(0.25)

CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the period ended 31 December 2016.

Refer to the Directors Report for an explanation of the operational and financial results of the Company.

This report is based on, and should be read in conjunction with, the attached financial report for the year ended 30 June 2016 for TV2U International Limited, which has been audited by PA Audit Pty Ltd.



TV2U INTERNATIONAL LIMITED

ABN 73 110 184 355

HALF-YEAR FINANCIAL REPORT

31 December 2016

TV2U INTERNATIONAL LIMITED
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**TV2U INTERNATIONAL LIMITED
CORPORATE DIRECTORY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

Directors & Officers

Mr Nick Fitzgerald – Non-Executive Chairman

Mr Peter Cunningham - Non-Executive Director
(Appointed 21 October 2016)

Mr Graham Durtanovich - Executive Director
(Appointed 21 October 2016)

Mr Alan Boyd - Executive Director
(Appointed 19 January 2017)

Mr David Adams - Executive Director
(Appointed 19 January 2017)

Mr Faldi Ismail - Non-Executive Director
(Resigned 21 October 2016)

Mr Tony Chong - Non-Executive Director
(Resigned 21 October 2016)

Secretary

Ms Sarah Smith

Registered Office

4/11 Ventnor Avenue
West Perth WA 6005
T: +61 (08) 9481 7742
F: +61 (08) 9481 4950
Website: www.tv2u.com

Australian Company Number

ACN 110 184 355

Australian Business Number

ABN 73 110 184 355

Securities Exchange

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

Bankers

Westpac Private Bank
Level 13, 109 St Georges Terrace
Perth WA 6000
Website: www.westpac.com.au

Auditors

PA Audit Pty Ltd
91 High Street
Fremantle WA 6160

Share Registry

Automatic Registry Services
Suite 1a, Level 1, 7 Ventnor Avenue
West Perth WA 6005

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Domicile and Country of Incorporation

Australia

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Directors of TV2U International Limited ("TV2U" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of TV2U International Limited and its controlled entities (the "Group") for the half-year ended 31 December 2016 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2016 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

1. DIRECTORS

The names of the Company's Directors in office during the Period and until the date of this report are set out below. Directors were in office for this entire Period unless otherwise stated.

Directors	Position	Duration of Appointment
Nick Fitzgerald	Managing Director	Appointed 5 February 2016
Peter Cunningham	Non-Executive Director	Appointed 21 October 2016
Graham Durtanovich	Executive Director	Appointed 21 October 2016
Alan Boyd	Executive Director	Appointed 19 January 2017
David Adams	Executive Director	Appointed 19 January 2017
Faldi Ismail	Non-Executive Director	Appointed 15 May 2015 Resigned 21 October 2016
Tony Chong	Non-Executive Chairman	Appointed 8 February 2016 Resigned 21 October 2016

2. COMPANY SECRETARY

The current Company Secretary up to the date of this report is Ms Sarah Smith.

3. PRINCIPAL ACTIVITIES

The Group is a leading digital content enabler and technology provider to the media, entertainment and telecommunications industries. The Group is a whole sale 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, Hong Kong, Malaysia, Indonesia, Latin America, and Netherlands.

4. REVIEW OF OPERATIONS

During the period, the Group has focussed on the completion of commercial contracts. TV2U have satisfied all requirements for PGAS, SOL and GTV from a technical aspect and are working towards finalising commercial contracts.

PT. PGAS Telekomunikasi Nusantara

On 26 October 2016, the Company signed a Heads of Agreement (HOA) with PT. PGAS Telekomunikasi Nusantara (PGAS) to deliver white labelled interactive OTT managed service into to the region of Indonesia, the world's fourth most populous country with a population of 250 million.

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

PGAS will pay US\$3.5 million for the installation of a 'mini-me' Head-End located at PGAS's datacentre in Jakarta and a monthly management fee per active subscriber. PGAS is a subsidiary of the Indonesian government-owned PT. Perusahaan Gas Negara (Persero) Tbk (PGN), the largest natural gas transportation and distribution company in Indonesia. PGN generated more than US\$3 billion in revenue in 2015.

Under the agreement, PGAS's business customers will be able to on-sell TV2U entertainment services including video-on-demand, games, music and karaoke. Revenue will be generated through a monthly subscription fee, pay-per-view and personalized advertising. The Indonesian group will also be able to bundle the TV2U entertainment offering with its existing gas, telephony and data services allowing PGAS to offer a "quadruple play" offering to its new and existing customers. PGAS fibre provides the backbone to 70% of all Indonesia's ISPs (Internet Service Providers) which equates to an estimated 40 (forty) million household broadband users. PGAS goal is to provide OTT entertainment to an estimated five million active monthly subscribers over a 2 to 3-year timeframe.

Karaoke2U

TV2U's Karaoke2U App is currently on IOS and Android in 19 countries including Armenia, Australia, Azerbaijan, Belarus, Hong Kong / SAR China, Indonesia, Kazakhstan, Kyrgyzstan, Malaysia, Moldova, New Zealand, Pakistan, Russia, Taiwan, Tajikistan, Thailand, Turkmenistan, Ukraine and United Kingdom.

After the initial soft launch, the Company is now preparing for an official global online marketing campaign over the coming months to coincide with the major feature rich upgrade of K2U completed in September which includes Karaoke performance video publishing, sharing of content, chat and friend's features, which will boost downloads, subscriber numbers and revenue.

Corporate

On 21 October 2016, Mr Peter Cunningham and Mr Graham Durtanovich were appointed as Directors of the Company, replacing Mr Faldi Ismail and Mr Tony Chong who resigned as Directors of the Company due to other work commitments.

On 26 October 2016, the Company issued 43,000,000 fully paid ordinary shares to advisors of the Company in accordance with a mandate dated 13 September 2016, for corporate advisory and business development services provided.

On 28 December 2016, the Company completed a placement of 76,923,076 fully paid ordinary shares at A\$0.013 per share to raise \$1,000,000 plus a 1 for 4 free attaching option on the same terms as the currently listed options to institutional, professional and sophisticated investors.

Funds from the Placement will be used to strengthen the Company's cash position moving into the final stages of service delivery for important contracts in Indonesia and Brazil.

In accordance with the mandate between TV2U and its corporate advisors for the placement and rights issue, TV2U issued 130,000,000 million fully paid ordinary shares as consideration for capital raising services provided and 57,000,000 fully paid ordinary shares as consideration for corporate advisory and business development services provided.

5. FINANCIAL RESULTS

The financial results of the Group for the half- year ended 31 December 2016 are:

	31-Dec-16	30-Jun-16
Cash and cash equivalents (\$)	995,348	2,606,835
Net assets (\$)	1,013,841	2,439,484

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

5. FINANCIAL RESULTS (continued)

	31-Dec-16	31-Dec-15
Revenue (\$)	5,533	33,098
Net loss after tax (\$)	(7,253,385)	(943,041)
Basic loss per share (cents)	(0.60)	(0.25)
Dividend (\$)	-	-

6. EVENTS OCCURRING AFTER REPORTING PERIOD

On 19 January 2017, the Company strengthened its Board with the appointment of Executive Directors, Mr Alan Boyd and Mr David Adams. Mr Boyd is an experienced technology, media and intellectual property investment and development specialist with a long record of success in Europe, America and Asia. Mr Adams specialises in corporate and financial management and is a qualified accountant and chartered secretary with over 23 years' and 18 years' commercial experience respectively.

On 19 January 2017, TV2U completed its pro-rata non-renounceable entitlement issue of one share for every ten shares held at an issue price of \$0.013 to raise up to \$1,602,659 (before costs), together with one free attaching option for every four shares issued ("Entitlement Offer"). The Company received application from Shareholders subscribing for 1,299,320 new shares in the Company totalling \$16,891, as well as an additional 387,610 new shares subscribed for under the Shortfall Offer totalling \$5,039. As such, the remaining shortfall under the Entitlement Offer is 114,727,908 new shares.

On 20 January 2017, TV2U issued 1,686,930 fully paid ordinary shares at an issue price of \$0.013 per share for a non-renounceable Entitlement Issue of one ordinary share for every ten ordinary shares held by Shareholders pursuant to the Prospectus dated 23 December 2016. Funds raised will be used to progress the Company's existing contracts and for working capital.

On 20 January 2017, 16,105,427 fully paid ordinary shares and 31,687,500 unlisted options (\$0.03; Expiry 31 December 2018), were released from escrow.

On 20 February 2017, the Company appointed a new Chief Executive Officer, Mr Andy Brown. Andy has a career of over 30 years within technology-based businesses, beginning with 11 years in project and programme management at Nomura. His appointment comes after a review by the Board of the need to strengthen the executive team with an individual who can drive the commercial engagements required to take the technology to market, as well as maintain the product focus required in a high growth business. Mr Nick Fitzgerald will step down as CEO but retain his position as Non-Executive Chairman and Founder of TV2U.

There are no other matters, or circumstances, other than those stated above, which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

7. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2016.

**TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

This report is signed in accordance with a resolution of the Board of Directors.



**David Adams
Director**

28 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
TV2U INTERNATIONAL LIMITED**

As lead auditor for the review of TV2U International Limited for the half-year ended 31 December 2016, I declared to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001*; and
- (ii) any applicable code of professional conduct.

This declaration is in respect of TV2U International Limited and the entities it controlled during the half-year ended 31 December 2016.

PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, Western Australia

28 February 2017

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TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31-Dec-16	31-Dec-15
	\$	\$
Revenue from continuing operations		
Interest income	5,533	20,549
Expenses		
Administration expenses	(850,635)	(49,000)
Employee and Director benefits	(1,128,256)	(912,577)
Finance costs	(8,528)	-
Professional fees	(489,919)	-
Depreciation expense	(29,298)	(2,013)
Share-based payments expense	(4,475,929)	-
Foreign exchange loss	(1,741)	-
Other expenses	(108,476)	-
Impairment of intercompany loans	(166,136)	-
Loss before income tax for the period	(7,253,385)	(943,041)
Income tax expense	-	-
Loss after income tax for the period	(7,253,385)	(943,041)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of foreign operations	302,802	311,466
Other comprehensive income for the period, net of tax	302,802	311,466
Total comprehensive loss for the period attributable to members of TV2U International Limited	(6,950,583)	(631,575)
Loss per share attributable to the ordinary equity holders of TV2U International Limited:		
Basic loss per share (cents)	(0.60)	(0.25)
Diluted loss per share (cents)	(0.60)	(0.25)

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

TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31-Dec-16	30-Jun-16
		\$	\$
Current Assets			
Cash and cash equivalents		995,348	2,606,835
Trade and other receivables		173,440	237,550
Other assets		42,823	59,014
Total Current Assets		1,211,611	2,903,399
Non-Current Assets			
Plant and equipment		24,283	11,803
Intangible assets		140,647	182,111
Total Non-Current Assets		164,930	193,914
TOTAL ASSETS		1,376,541	3,097,313
Current Liabilities			
Trade and other payables		362,700	657,829
Total Current Liabilities		362,700	657,829
TOTAL LIABILITIES		362,700	657,829
NET ASSETS		1,013,841	2,439,484
Equity			
Contributed equity	4	21,493,067	16,386,067
Reserves	5	1,269,591	548,849
Accumulated losses		(21,748,817)	(14,495,432)
TOTAL EQUITY		1,013,841	2,439,484

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

TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2016	16,386,067	548,849	(14,495,432)	2,439,484
Comprehensive income:				
Loss for the year	-	-	(7,253,385)	(7,253,385)
Other comprehensive income / (loss)		302,802	-	302,802
Total comprehensive loss for the year	-	302,802	(7,253,385)	(6,950,583)
Transactions with owners in their capacity as owners:				
Shares issued during the year	1,000,000	-	-	1,000,000
Option entitlement issue	4,217,000			4,217,000
Transaction costs	(110,000)	-		(110,000)
Share-based payments	-	258,929	-	258,929
Issue of options	-	159,011	-	159,011
At 31 December 2016	21,493,067	1,269,591	(21,748,817)	1,013,841

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2015	28,545,811	(221,258)	(26,494,621)	1,829,932
Comprehensive income:				
Loss for the year	-	-	(943,041)	(943,041)
Other comprehensive income / (loss)		311,466		311,466
Total comprehensive loss for the year	-	-	(943,041)	(631,575)
Transactions with owners in their capacity as owners:				
Shares issued during the year				-
Transaction costs	(7,663)	-	-	(7,663)
Equity-based payments	5,000	-	-	5,000
At 31 December 2015	28,543,148	(221,258)	(27,437,662)	1,195,694

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31-Dec-16	31-Dec-15
	\$	\$
Cash flows used in operating activities		
Payment to suppliers and employees	(2,628,929)	(887,910)
Interest received	5,533	3,994
Net cash flows used in operating activities	(2,623,396)	(883,916)
Cash flows used in investing activities		
Payment for acquisition costs of project	-	(751,614)
Payment for exploration and evaluation costs	-	(25,451)
Receipts from subsidiary	-	16,556
Proceeds from disposal of plant and equipment	-	6,639
Payment for plant and equipment	(12,602)	-
Net cash flows used in investing activities	(12,602)	(753,870)
Cash flows from financing activities		
Net proceeds from issue of shares	975,500	-
Share issue costs	(110,000)	(7,663)
Proceeds from unissued shares	159,011	217,500
Net cash flows provided by financing activities	1,024,511	209,837
Net decrease in cash and cash equivalents	(1,611,487)	(1,427,949)
Cash and cash equivalents at the beginning of the period	2,606,835	1,671,734
Cash and cash equivalents at the end of the year	995,348	243,785

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

**TV2U INTERNATIONAL LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

1. CORPORATE INFORMATION

TV2U International Limited (referred to as "TV2U" or the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The address of its registered office and principal place of business are disclosed in the Corporate Directory. The consolidated half-year financial report covers the period from 1 July 2016 to 31 December 2016 (the "Period") and comprises the Company and its subsidiaries (referred to as the "Consolidated Entity" or the "Group"). The Company is in the technology industry and is a whole sale television provider to B2B clients.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of compliance

This half-year financial report of the Group has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial statements for the year ended 30 June 2016 and considered together with any public announcements made by the Group during the Period and up to the date of this report in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The half year financial report of TV2U International Limited was authorised for issue in accordance with a resolution of the Directors on 28 February 2017.

Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the historical financial information included in this report have been set out below.

(b) Basis of preparation

These half-year financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of this financial report for the Period under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2016, and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

(c) Going concern

The interim consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Group has incurred a net loss after tax for the half-year ended 31 December 2016 of \$7,253,385 (31 December 2015: \$943,041), and a net cash outflow from operations of \$2,623,396 (31 December 2015: \$883,916). As at 31 December 2016 the Group had net assets of \$1,013,841 (30 June 2016: \$2,439,484).

The ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through capital raising to continue to meet its working capital requirements in the next 12 months.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity'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 consolidated entity 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.

The Directors have reviewed the business outlook and cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will achieve the matters set out above and be able to pay its debts as and when they fall due.

(d) Accounting Standards issued but not yet effective

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not yet been adopted early by the Company. The new standards, amendments and interpretations that may be relevant to the Company's financial statements are provided below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets	1 January 2018
AASB 15 Revenue from Contracts with Customers AASB 15 <ul style="list-style-type: none"> - 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 new and more detailed guidance on specific topics - expands and improves disclosures about revenue 	1 January 2018

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations issued by the AASB that are relevant to its operations, therefore, no changes are necessary to the Group accounting policy.

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

3. OPERATING SEGMENTS

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.

The Group now operates as one business segment, being a whole sale 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, Hong Kong, Malaysia, Indonesia, Latin America and Netherlands.

4. CONTRIBUTED EQUITY

	31-Dec-16		30-Jun-16	
	No.	\$	No.	\$
Ordinary shares	1,496,737,403	21,493,067	1,189,814,327	16,386,067

<i>Movement in ordinary shares</i>	No.	\$	Issue price (\$)
Balance at 30 June 2016	1,189,814,327	16,386,067	-
Issue of advisor shares ⁽ⁱ⁾	43,000,000	817,000	0.019
Placement ⁽ⁱⁱ⁾	76,923,076	1,000,000	0.013
Placement fee shares ⁽ⁱⁱⁱ⁾	130,000,000	1,690,000	0.013
Advisor shares ^(iv)	57,000,000	1,710,000	0.03
Share issue costs	-	(110,000)	-
Balance at 31 December 2015	1,496,737,403	21,493,067	-

- (i) On 26 October 2016, the Company issued 43 million fully paid ordinary shares, for nil cash consideration, to advisors of the Company in accordance with a mandate dated 13 September 2016, for corporate advisory and business development services provided.

The value of these shares has been measured at the value of services received in accordance with the mandate. The value per share is \$0.019 per share. The total value of the advisor shares issued was \$817,000 which was recognised as issued capital in the Statement of Changes in Equity.

- (ii) On 28 December 2016, the Company completed a placement of 76,923,076 fully paid ordinary shares at \$0.013 per share to raise \$1,000,000 plus a 1 for 4 free attaching option on the same terms as the currently listed options to institutional, professional, and sophisticated investors.

- (iii) In accordance with the mandate between TV2U and Energy Capital Partners, TV2U issued 130 million shares as consideration for the services performed in relation to the Placement.

The value of these shares has been measured at the value of services received in accordance with the mandate. The value per share is \$0.013 per share and was calculated by using the market price of the shares issued on the Placement date. The total value of the advisor shares issued was \$1,690,000 which was recognised as issued capital in the Statement of Changes in Equity.

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

(iv) On 23 December 2016, TV2U issued 57 million shares to advisors and consultants. These shares were approved at the Annual General Meeting held on the 29th November 2016.

5. RESERVES

	31-Dec-16	30-Jun-16
	\$	\$
Share-based payment reserve	700,273	441,344
Option reserve	159,011	-
Foreign currency translation and other reserve	410,307	107,505
	1,269,591	548,849

	31-Dec-16
	\$
<u>Movement Reconciliation</u>	
Share-based payment reserve	
Balance at the beginning of the period	441,344
Performance rights	258,929
Balance at the end of the period	700,273
Option reserve	
Balance at the beginning of the period	-
Issue of listed options ⁽ⁱ⁾	159,011
Balance at the end of the period	159,011
Foreign currency translation and other reserve	
Balance at the beginning of the period	107,505
Reclassification of reserves to accumulated losses	302,802
Balance at the end of the period	410,307

6. RELATED PARTY DISCLOSURES

(a) Equity interest of TV2U

Name	Country of Incorporation	Equity Interest	
		31-Dec-16	30-Jun-16
		%	%
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
Tara Singapore Pte Ltd	Singapore	100	100
Karaoke2u Pte Ltd	Singapore	100	100
Innovation2u Pte Ltd	Singapore	100	100
TV2U Australia Pty Ltd	Australia	50	50

(b) Transactions with related parties

During the period, an amount of \$145,834 has been paid/is payable to Talico Technologies Pte Ltd relating to Nick Fitzgerald's Director's Fees.

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

No other transactions with related parties during the period.

(c) Loans to related parties

There were no loans to related parties during the Period.

7. COMMITMENTS

Other than as disclosed within Note 10: *Events after balance sheet date*, there are no other commitments, other than those that existed as at 30 June 2016 that the Group has entered into during the period under review.

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no new contingencies, other than those that existed as at 30 June 2016 that the Group has entered into during the Period under review.

9. DIVIDENDS

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

10. EVENTS OCCURRING AFTER REPORTING PERIOD

On 19 January 2017, the Company strengthened its Board with the appointment of a Executive Directors, Mr Alan Boyd and Mr David Adams. Mr Boyd is an experienced technology, media and intellectual property investment and development specialist with a long record of success in Europe, America and Asia. Mr Adams specialises in corporate and financial management and is a qualified accountant and chartered secretary with over 23 years' and 18 years' commercial experience respectively.

On 19 January 2017, TV2U completed its pro-rata non-renounceable entitlement issue of one share for every ten shares held at an issue price of \$0.013 to raise up to \$1,602,659 (before costs), together with one free attaching option for every four shares issued ("Entitlement Offer"). The Company received application from Shareholders subscribing for 1,299,320 new shares in the Company totalling \$16,891, as well as an additional 387,610 new shares subscribed for under the Shortfall Offer totalling \$5,039. As such, the remaining shortfall under the Entitlement Offer is 114,727,908 new shares.

On 20 January 2017, TV2U issued 1,686,930 fully paid ordinary shares at an issue price of \$0.013 per share for a non-renounceable Entitlement Issue of one ordinary share for every ten ordinary shares held by Shareholders pursuant to the Prospectus dated 23 December 2016. Funds raised will be used to progress the Company's existing contracts and for working capital.

On 20 January 2017, 16,105,427 fully paid ordinary shares and 31,687,500 unlisted options (\$0.03; Expiry 31 December 2018), were released from escrow.

On 20 February 2017, the Company appointed a new Chief Executive Officer, Mr Andy Brown. Andy has a career of over 30 years within technology-based businesses, beginning with 11 years in project and programme management at Nomura. His appointment comes after a review by the Board of the need to strengthen the executive team with an individual who can drive the commercial engagements required to take the technology to market, as well as maintain the product focus required in a high growth business.

There are no other matters, or circumstances, other than those stated above, which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

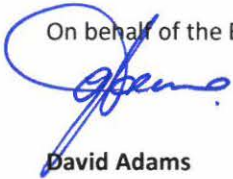
DIRECTORS DECLARATION

The Directors' declare that:

- (a) The consolidated financial statements and notes of the Group set out on pages 9 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half year ended on that date, and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional requirements and
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board of Directors.



David Adams
Director

28 February 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TV2U INTERNATIONAL LIMITED
ABN: 73 110 184 355**

We have reviewed the accompanying half-year financial report of TV2U International Limited and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of TV2U International Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matters that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TV2U INTERNATIONAL LIMITED
ABN: 73 110 184 355**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TV2U International Limited, would be in the same terms if given to the directors as at the time of this auditor's Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TV2U International Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) the half-year financial report of TV2U International Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

We draw attention to Note 2(c) in the half- year financial report. The conditions set forth in Note 2(c) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, Western Australia
28 February 2017