

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

**TV2U INTERNATIONAL LIMITED
AND ITS CONTROLLED ENTITIES
ABN – 73 110 184 355**

Reporting Period

For the year ended 30 June 2017. Previous corresponding period ended 30 June 2016.

Results for Announcement to Market

	30 June 2017	30 June 2016	% Change
	\$	\$	
Revenue and Other Income	10,244	33,098	-69.05%
(Loss) after tax attributable to members	(9,219,514)	(14,160,151)	-34.89%
Net (loss) for the period attributable to members	(9,219,514)	(14,160,151)	-34.89%

Financial Reports

The consolidated income statement shows a loss after tax attributable to members of \$9,219,514 (2016: loss of \$14,160,151).

Net tangible assets per security

Net Tangible Assets per share	2017	2016
Net Tangible Assets/ (Liabilities) backing (cents per share)	(0.06)	0.02

Earnings per Share

Earnings per share (cents per share)	2017	2016
Continued operations		
- basic for (loss) for the year	(0.68)	(1.37)
- diluted for (loss) for the year	(0.68)	(1.37)

Dividends

No dividends have been declared or paid during the year ended 30 June 2017. The Directors do not recommend the payments of a dividend in respect of the year ended 30 June 2017.

The Company does not have any dividend or distribution reinvestment plans in operation.

Details of entities over which are controlled by the parent entity

- TV2U Worldwide Pty Ltd
 - TV2U Singapore Pte Ltd
 - Tara Singapore Pte Ltd
 - Tara China Hong Kong Ltd
 - Karaoke2U Pte Ltd
 - TV2U Australia Pty Ltd
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FOR THE YEAR ENDED 30 JUNE 2017**

Principle Activities

TV2U international Limited (TV2U) is a sales and marketing company providing 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.

Review of Operations

Strategy and Developments

During the 2017 Financial Year the Company has actioned a clear strategy of maintaining a low capex model whilst generating opportunities within the technology sector that are usually only made available to major players in the industry. The main reason for this is the Company’s technology differential and business strategy that empowers clients to generate revenue from avenues in their business they never thought possible. TV2U’s white labelled analytics service offering has provided TV2U with opportunities in a number of jurisdictions.

The Company recognized it is labeled as a “start up” company, however we are and will continue to progress on a number of fronts to move the move the Company forward.

The level of interest in the technology of TV2U from various industries is encouraging and endorses the unique capabilities of the technology. Commercial success is always an absolute focus and a more concerted effort has been made in the last 12 months to educate the market on the unique technology TV2U has access to. This was highlighted in September 2016 when the company was humbled to become a finalist in the Managed Services World Congress Awards. The Innovation Award finalist award is given to a company that best exemplifies innovation in technology, business change or operational transformation. TV2U, which was nominated for its Intelligent Video Accessible Network (IVAN), joins other leading companies like Chinese mobile device company Huawei, NEC subsidiary Netcracker Technology and telecommunications leaders Vodafone and Nokia as shortlisted finalists.

With the above technology, the Company was able to convert business opportunities around the globe into initial contracts for its services in Brazil and Indonesia. To achieve these outcomes, there has been an investment in resources required including the employment of an excellent technical team to further develop and maintain the Company’s cutting-edge technology. In the latter half and 2016 early 2017 the Company focused on satisfying all the requirements to provide services in Indonesia, and Brazil from a technical aspect and also concentrated on finalising the commercial arrangements with interested parties within these jurisdictions.

The TV2U development team continues to expand the feature set of its industry leading Cloud Technology OTT platform which has successfully been approved in three recent POC’s.

The company reorganized its Board in early 2017, with the objective of focusing more heavily on execution of business opportunities, better overall business management, and generation of income from revenues.

A contract to provide the technology for OTT services was closed with SOL Telecom in Brazil, on 28th February 2017. In June 2017, TV2U commenced the implementation of the services. The service has been in ‘soft launch’ during August and will continue during September, in parallel TV2U is finalizing outstanding agreements with content owners, operational support services and marketing channels. The service is anticipated to ‘hard launch’ in October 2017, from which point the services will become fully available to the Brazilian consumer market via ISP Operators.

A contract to provide the technology for OTT services was also closed with PGASCOM in Indonesia, on 23rd June 2017. In June 2017 TV2U commenced initial implementation of these services. The first Operator in Indonesia that intends to launch our services to their consumer base is SmartFren. The launch of services is currently dependent on finalization of the initial contract terms with PGASCOM

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(expected within September 2017) and separately finalization of the content negotiations with the Hollywood studios, which is expected to complete in October 2017. Services are then expected to immediately 'hard launch' to consumers.

Several additional developments have been implemented that will enhance the company's attractiveness to its target customer bases, including the design of a world-first set-top-box and the re-engineering of its "ivan-X" middleware product to become a toolset that customers can access via the web, enabling them to get content to their audiences within a matter of days.

The company continues to develop additional opportunities for the sale of OTT services, with particular focus on the LATAM and APAC regions at this time.

In addition to OTT services, TV2U has explored options to extend its services into additional business lines, that it sees as adjacent opportunities primarily serving a substantially similar customer base as for OTT (e.g. Operators and ISPs). On 26th June 2017, the company entered into a non-binding Letter of Intent with Talico Technologies (an associated business owned by Chairman Nick Fitzgerald), that subject to shareholder approval will give TV2U the exclusive rights to exploit intellectual property within the markets of Smart Home, Transport and e-Learning. Talico Technologies has developed a qualified sales pipeline and should shareholders approve the IP License agreements when presented to them, TV2U will immediately take over full management and exploitation of these new areas of business, including any contracted or immediately pending sales opportunities.

Corporate

During this Financial Year as part of the Company's ongoing efforts to improve the governance of the Company a number of appointments were made to the Board. The current Board comprises of

- Nicholas Fitzgerald - Chairman
- Andrew Brown – CEO
- John Lewis – Executive Director and Company Secretary
- David Adams – Executive Director and CFO
- Pete Cunningham – Non-executive Director
- Alan Boyd – Non-executive Director

Capital Raising

On 1 November 2016, the Company's securities were suspended from trading in relation to a Cleansing Notice issued on 26th October 2016 relating to the issue of Ordinary shares on 26th October 2016 ("Shares") which did not exempt the sellers of the Shares from their obligation to make disclosure pursuant to s707(3) of the Corporations Act 2001 because the Shares were not in a class of securities that was trading on the ASX and not suspended for more than a total of five (5) days during the previous twelve (12) month period.

The Company prepared and lodged a Short Form Cleansing Prospectus ("Prospectus") on 4 November 2016, as well as lodging an application with the Federal Court of Australia seeking urgent declaratory relief and ancillary orders relating to the issue of securities and the subsequent offer for sale or sale by subscribers to those securities. The Company sought orders declaring that any offer for sale or sale of the securities from the date of issue of the securities until 28th November 2016 was not invalid by reason of the sellers' failure to comply with s707(3) of the Corporations Act 2001. On 14 December 2016, the Company was granted the relevant court orders and was reinstated to trading.

On 28 December 2016, the Company completed a placement of 76,923,076 fully paid ordinary shares (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 (ASX: TV2O) to institutional, professional and sophisticated investors.

In addition, the Company announced a 1 for 10 non-renounceable rights issue (Rights Issue) to raise up to \$1,602,659 (before costs) through an offer of up to a maximum of 123,281,433 Shares via a Rights Issue Prospectus dated 23 December 2016, and lodged with ASX on this date. Shareholders who participated in the Rights Issue were also eligible to receive a 1 for 4 free attaching option on the same

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terms as the currently listed options The Company completed the Rights Issue via a Prospectus lodged with the ASIC on 21 December 2016 and allotted 1,686,930 New Shares on 20 January 2017.

On 3 February 2017, the Company released from Escrow 16,105,427 Fully Paid Ordinary Shares and 31,687,500 Unlisted Options with an exercise price of \$0.03 and expiring on 31 December 2018.

In June 2017 TV2U announced that it signed an agreement with MEF I, L.P. for the issue of the US\$ equivalent of A\$1.1 million in \$US denominated Convertible Notes. The Convertible Notes were issued at a 10% discount, for an aggregate subscription price of A\$1.0 million. As such, each Convertible Note has a face value of A\$1.10 each and was issued for A\$1.00 each. Convertible Notes that are not already redeemed or converted into ordinary shares, will mature 12 months after they are issued, by the Company paying the face value of each such Convertible Note to the Investor.

Each Note is convertible into ordinary shares, at the investors option at the lower of 1.5 cents per share or at a price equal to 90% of the average of the four (4) lowest daily VWAPs over the ten (10) Trading Day period on which trading in shares occurred on ASX immediately prior to the election to convert.

The issue of the Convertible Notes was divided into two tranches. The first was made within the Company's available placement capacity under ASX Listing Rule 7.1, subject to confirmations from the ASX and the lodgment of a compliance prospectus in relation to the issue of the Convertible Notes. The second for the remainder of the Convertible Notes was subject to the approval of the Company's shareholders at a general meeting and other customary conditions.

Subsequent Events

On 6 July 2017, the Company convened an Extraordinary General Meeting (EGM") of shareholders where shareholders approved a number of resolutions in relation to the issue of the Convertible Notes to MEF I, L.P. as follows:

- the issue of 3,000,000 Shares in consideration for entering into the Convertible Note Agreement to subscribe for the Convertible Notes;
- Ratifying the issue of 111,930 Tranche A Convertible Notes issued pursuant to Listing Rule 7.1; and
- Authorising the Company to issue that number of Tranche B Convertible Notes determined in accordance with the terms of the Agreement, each with a face value of US\$1.10 to MEF I, L.P.

Subsequent to the issue of the Convertible Notes and the lodgment of this Report MEF I L. P. have converted the following convertible Notes in ordinary Shares:

- Tranche A – 111,930 Convertible Notes Converted into 21,447,243 ordinary Shares.
- Tranche B – 497,861 Convertible Notes converted into 52,252,072 ordinary shares

At the EGM shareholders also agreed to a number of Resolutions

- ratifying prior issues of Fully Paid Ordinary Shares and Options made by the Company pursuant to Listing Rule 7.1 and 7.1A including the following:
 - On 26 October 2016, the Company issued pursuant to listing rule 7.1, 43,000,000 Shares to professional advisors, as consideration for corporate advisory and business development services provided to the Company
 - On 23 December 2016, the Company issued pursuant to Listing Rule 7.1A announced that it intended to undertake a placement of up to 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 existing Listed Options of the Company (ASX: TV2O) to institutional, professional and sophisticated investors.
 - On 23 December 2016, the Company issued pursuant to Listing Rule 7.1 a further 130,000,000 fully paid ordinary Shares to institutional, professional and sophisticated investors as consideration for capital raising services provided.
 - Authorising the issue of 19,230,769 Placement Options issued on the basis that one free Option (on the same terms as the Company's existing Listed Options) would be issued for every four Placement Shares issued pursuant to the Placement undertaken on 23 December 2017.
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On 15 August 2017, the Company announced it had signed a further funding agreement with MEF I, L.P. Under the Agreement the Company proposes to issue up to AUD\$ 3.0 million worth of \$US denominated convertible notes with a face value of US\$1.10 each, at a 10% discount (Convertible Notes), for the purposes of raising funds for the Company's general corporate and working capital purposes.

The Convertible Notes are proposed to be issued in three separate tranches of Convertible Notes to the Investor as follows:

1. In Tranche C, the Company proposes to issue (within its ASX listing rule 7.1 placement capacity) 462,000 Tranche C Convertible Notes subject to the satisfaction of certain conditions precedent, to raise the US\$ equivalent of A\$600,000. In the absence of obtaining certain shareholder approvals in relation to the Tranche C Convertible Notes, a fixed A\$/US\$ exchange rate of 0.770 and a fixed minimum conversion price of \$A0.005 will apply in relation to the conversion of Tranche C Convertible Notes. If certain shareholder approvals are obtained, the Notes will be convertible into ordinary shares on the same terms as any Tranche D and E Convertible Notes that are issued.
2. In Tranche D, the Company proposes to issue a number of Tranche D Convertible Notes subject to satisfaction of certain conditions precedent described further in the Convertible Note Terms to raise the US\$ equivalent of \$1,000,000.
3. **Tranche E Convertible Notes** – In Tranche E, subject to certain conditions precedent, the Company may give written notice to the Investor by no later than 20 November 2017 requiring the Investor to subscribe for a number of Tranche E Convertible Notes on a specified date between 1 December 2017 and 8 December 2017 to raise the US\$ equivalent of A\$1,400,000.

As with the Tranche A & B Convertible Notes it was necessary to lodge a prospectus for the issue of the Tranche C & D Convertible Notes. This prospectus was lodged on 15 August 2017. The Company announced it would be holding an Extraordinary General Meeting on 28 September 2017 to ratify and authorize the issue of the Tranches C, D & E Convertible Notes.

The purpose of the additional capital is for the expansion of the business. The company intends to add further resources with immediate effect in LATAM and Asia, with a particular emphasis on sales, business development and marketing operations. Both markets demonstrate a strong prospect for all business lines (both existing and pending subject to shareholder approval) that will further solidify our position as a key OTT player while at the same time bringing first-mover advantage for our set-top-box product.

Compliance Statement

This report is based on financial statements which are in the process of being audited. The auditor has indicated that it is likely that the audit will contain a Qualification or an Emphasis of Matter which will reflect there is 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.

The Auditors Report for the 2016 Financial Year also included an Emphasis of Matter

Signed in accordance with a resolution of directors.

On behalf of the Directors



Andrew Brown
Director

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	30-Jun-17	30-Jun-16
	\$	\$
Revenue and other income from continuing operations	10,244	33,098
Employee benefits expense	(123,358)	(229,985)
Administration expenses	(4,516,572)	(6,576,413)
Finance costs	(5,359)	(779,676)
Depreciation and amortisation	(69,532)	(67,541)
Share-based payment expense	(4,508,929)	(202,332)
Foreign exchange loss	(6,008)	3,305
Restructuring/ relisting expense	-	(6,431,783)
Gain on deconsolidation	-	91,176
Loss from continuing operations before income tax	(9,219,514)	(14,160,151)
Income tax expense	-	-
Loss from continuing operations after income tax	(9,219,514)	(14,160,151)
 Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Exchange difference on translation	70,864	(315,101)
Other comprehensive income for the year, net of tax	70,864	(315,101)
 Total comprehensive loss for the year	(9,148,650)	(14,475,252)

	<u>Cents</u>	<u>Cents</u>
Loss per share attributable to the ordinary equity holders of the company:		
Basic loss per share - cents per share	(0.69)	(1.37)
Diluted loss per share - cents per share	(0.69)	(1.37)

TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	30-Jun-17	30-Jun-16
	\$	\$
Current Assets		
Cash and cash equivalents	4,582	2,606,835
Trade and other receivables	1,030,887	237,550
Other assets	15,539	59,014
Total Current Assets	1,051,008	2,903,399
Non-Current Assets		
Plant and equipment	26,989	11,803
Intangible assets	112,894	182,111
Total Non-Current Assets	139,883	193,914
TOTAL ASSETS	1,193,891	3,097,313
Current Liabilities		
Trade and other payables	1,070,972	428,078
Borrowings	246,814	229,751
Other liabilities	764,195	-
Total Current Liabilities	2,081,981	229,751
TOTAL LIABILITIES	2,081,981	657,829
NET LIABILITIES	(891,090)	2,439,484
Equity		
Contributed equity	21,748,203	16,386,067
Reserves	613,184	548,849
Accumulated losses	(23,252,477)	(14,495,432)
TOTAL EQUITY	(891,090)	2,439,484

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	30-Jun-17	30-Jun-16
	\$	\$
Cash flows used in operating activities		
Payments to suppliers and employees	(3,908,561)	(3,334,300)
Interest received	10,244	9,861
Interest paid	(5,359)	-
Receipts from customers	-	23,238
Net cash flows used in operating activities	(3,903,676)	(3,301,201)
Cash flows used in investing activities		
Payment for plant and equipment	(24,787)	-
Payment for intangible assets	-	(315,615)
Net cash flows used in investing activities	(24,787)	(315,615)
Cash flows from financing activities		
Proceeds from issue of share capital	1,021,930	6,132,621
Share issue costs	(75,020)	(374,116)
Proceeds from related party loan	17,064	-
Proceeds from issue of options	197,011	-
Proceeds from issue of Convertible Notes	165,226	707,000
Repayment of Convertible Notes	-	(332,500)
Net cash flows provided by financing activities	1,326,211	6,133,005
Net increase in cash and cash equivalents	(2,602,253)	2,516,189
Cash and cash equivalents at beginning of year	2,606,835	90,646
Cash and cash equivalents at end of year	4,582	2,606,835

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Contributed Equity	Equity-based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2015	1,609	-	-	(335,281)	(333,672)
Comprehensive loss:					
Loss for the year	-	-	-	(14,160,151)	(14,160,151)
Other comprehensive income	-	-	(315,101)	-	(315,101)
Total comprehensive income/(loss) for the year	-	-	(315,101)	(14,160,151)	(14,475,252)
Transactions with owners in their capacity as owners:					
Issue of share for acquisition for subsidiary	7,622,476	-	-	-	7,622,476
Share-based payments	-	863,950	-	-	863,950
Capital raising	4,026,000	-	-	-	4,026,000
Placement fund	2,106,619	-	-	-	2,106,619
Share issued to settle debt	1,419,549	-	-	-	1,419,549
Share issue costs	(374,116)	-	-	-	(374,116)
Share-based payments	1,500,000	-	-	-	1,500,000
Share issued for convertible notes	83,930	-	-	-	83,930
Total transactions with owners	16,384,458	863,950	-	-	17,248,408
At 30 June 2016	16,386,067	893,950	(315,101)	(14,495,432)	2,439,484
Balance at 1 July 2015	16,386,067	893,950	(315,101)	(14,495,432)	2,439,484
Comprehensive loss:					
Loss for the year	-	-	-	(9,219,514)	(9,219,514)
Other comprehensive income	-	(1,924)	72,788	-	70,864
Total comprehensive income/(loss) for the year	-	(1,924)	72,788	(9,219,514)	(9,148,650)
Transactions with owners in their capacity as owners:					
Share-based payments	4,250,000	258,929	-	-	4,475,929
Capital raising	1,021,930	-	-	-	1,021,930
Options issued for cash	-	197,011	-	-	197,011
Shares issued for convertible notes	165,226	-	-	-	165,226
Share issue costs	(75,020)	-	-	-	(75,020)
Expiry of options	-	(57,402)	-	57,402	-
Total transactions with owners	5,362,136	398,538	-	57,402	5,818,076
Other					
Transfer from reserve to retained earnings	-	(405,067)	-	405,067	-
Total other	-	(405,067)	-	405,067	-
At 30 June 2017	21,748,203	914,823	242,313	(23,252,477)	(891,090)

**TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report of TV2U International Limited ('the Company') for the year ended 30 June 2017 comprises the Company and its subsidiaries (collectively referred to as 'the Consolidated Entity' or 'Group').

The separate financial statements of the parent entity, TV2U International Limited, have not been presented within this financial report as permitted by the *Corporation Act 2001*.

TV2U International Limited ("TV2U International") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals 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.
