

ASX APPENDIX 4D

TV2U INTERNATIONAL LIMITED

ABN 73 110 184 344

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 31 DECEMBER 2017

(Previous corresponding period is the period ended 31 December 2016)

| KEY INFORMATION | 31-Dec-17 | 31-Dec-16 | % Change |
|---|--------------------|------------------|-----------------|
| | \$ | \$ | |
| Revenue from ordinary activities | 130,211 | 5,533 | 2253% |
| Loss from ordinary activities after tax attributable to members | (2,612,801) | (7,253,385) | 63% |
| Net loss attributable to members | | | |

DIVIDEND INFORMATION

No dividend has been proposed or declared.

| NET TANGIBLE ASSETS PER SECURITY | 31-Dec-17 | 31-Dec-16 |
|--|------------------|------------------|
| Net tangible assets per security (cents) | 0.004 | 0.08 |

| EARNINGS PER SHARE | 31-Dec-17 | 31-Dec-16 |
|------------------------------------|------------------|------------------|
| | Cents | Cents |
| Basic earnings per share (cents) | (0.12) | (0.60) |
| Diluted earnings per share (cents) | (0.17) | (0.60) |

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 2017.

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 2017 for TV2U International Limited, which has been audited by PA Audit Pty Ltd.



International Limited

TV2U INTERNATIONAL LIMITED

ABN 73 110 184 355

HALF-YEAR FINANCIAL REPORT

31 December 2017

TV2U INTERNATIONAL LIMITED
TABLE OF CONTENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

| | |
|---|----|
| Corporate Directory | 3 |
| Directors' Report | 4 |
| Auditor's Independence Declaration | 8 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 9 |
| Consolidated Statement of Financial Position | 10 |
| Consolidated Statement of Changes in Equity | 11 |
| Consolidated Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 |
| Directors' Declaration | 19 |
| Independent Auditor's Review Report | 20 |

Directors & Officers

Mr Nick Fitzgerald – Chairman and Chief Executive Officer

Mr Alan Boyd – Non Executive Director
(Appointed 19 January 2017)

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

Mr John Lewis – Executive Director
(Appointed 15 March 2017)

Company Secretary

Mr John Lewis

Registered Office

Level 2, 35 Outram Street
West Perth WA 6005
T: +61 (08) 6555 9500
F: +61 (08) 6555 9555
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

National Australia Bank
1232 Hay Street
West Perth WA 6005
Website: www.nab.com.au

Auditors

PA Audit Pty Ltd
91 High Street
Fremantle WA 6160

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

Solicitors

Minter Ellison
Level 4 Allendale Square
77 St Georges terrace
Perth WA 6000

Domicile and Country of Incorporation

Australia

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2017 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 | Chairman & Chief Executive Officer | Appointed 5 February 2016 |
| Peter Cunningham | Executive Director | Appointed 21 October 2016, Resigned 10 November 2017 |
| Alan Boyd | Non-Executive Director | Appointed 19 January 2017 |
| David Adams | Executive Director | Appointed 19 January 2017 |
| Andy Brown | Chief Executive Officer & Director | Appointed 15 March 2017, Resigned 10 November 2017 |
| John Lewis | Executive Director & Company Secretary | Appointed 15 March 2017 |

2. COMPANY SECRETARY

The current Company Secretary up to the date of this report is Mr John Lewis.

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 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, Malaysia, Indonesia, Latin America, and Europe.

4. REVIEW OF OPERATIONS

During the period, the Group remained focussed on the completion of commercial contracts. TV2U have satisfied all requirements for PGASCOM Indonesia and SOL TELECOM, Brazil from a technical aspect and are working towards finalising commercial contracts including content deals.

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.

PGASCOM will pay TV2U USD \$600,000 for the installation of a 'mini-me' Head-End located at PGASCOM's datacentre in Jakarta and a monthly management fee per active subscriber. Equipment has been ordered from suppliers to fulfil this order. TV2U received the first payment of 30% on placing orders with suppliers for this equipment. This payment was announced as first revenues received in the announcement of the 13th November 2017.

PGASCOM 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.

A workshop held early December introduced TV2U's updated IVANX platform to both PGASCOM and Smartfren, our B2C (Business to Consumer) operator in the region at this time. PGASCOM's goal is to provide OTT entertainment to an estimated three million active monthly subscribers over a 2 to 3-year timeframe. TV2U is assisting PGASCOM to actively source and contract our services thereby providing our platform to a greater number of ISP's and Telco's.

SOL/BRAZIL

TV2U launched our Brazil project with partner SOL TELECOM and CCSTV on the 16th November 2017 as a FTA (free To Air) service to around 30,000 consumers on a 30 day free trial. The second phase releasing both FTA and Premium Local and International channels commenced on 27th December 2017 with over 100 channels launched.

Corporate

On 10th November 2017, Mr Peter Cunningham and Mr Andy Brown resigned as Directors of the Company, due to other work/life commitments. There were no replacements made, with Mr Nick Fitzgerald resuming the role of Chief Executive Officer as well as continuing as Executive Chairman.

The Annual General Meeting held on 30th November 2017 was successfully completed with all resolutions put forward passed on a show of hands. Proxy votes were also well in favour of all resolutions.

On the 15th August 2017 the Company issued a prospectus. The Offer being made in connection with a Convertible Note Agreement between the Company and the investor (MEF IP) for 3 separate tranches of convertible notes Tranche C - 462,000 notes with a value of AUD \$600,000 ; Tranche D – AUD \$1,000,000 which was passed by resolution at the AGM, and Tranche E which is available to the Company under the converting note offer, but did not form part of this issue. Funds from the Placement will be used to strengthen the Company's cash position moving into the final stages of service delivery for both projects in Indonesia and Brazil.

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

5. FINANCIAL RESULTS

The financial results of the Group for the half- year ended 31 December 2017 are:

| | 31-Dec-17 | 30-Jun-17 |
|--------------------------------|------------------|------------------|
| Cash and cash equivalents (\$) | 323,206 | 4,582 |
| Net liabilities (\$) | (701,994) | (908,424) |

| | 31-Dec-17 | 31-Dec-16 |
|------------------------------|--------------------|------------------|
| Revenue (\$) | 130,211 | 5,333 |
| Net loss after tax (\$) | (2,612,801) | (7,253,385) |
| Basic loss per share (cents) | (0.12) | (0.60) |
| Dividend (\$) | - | - |

6. EVENTS OCCURRING AFTER REPORTING PERIOD

On the 8th January 2018, TV2U in consultation with our Brazilian partners SOL Telecom and CCSTV agreed to re-brand the streaming service in the region from SOLGO to TV2U. The strategy behind the change was to create a single unified brand that would provide marketing benefits throughout the region and provide TV2U as a household name.

On the 15th January 2018 TV2U signed up another ISP in Brazil. Linkfort Telecom is to provide OTT services north and south of Sao Paulo state. A Minimum guarantee of 200,000 subscribers was agreed to in the first year of operations.

On 9th February 2018, 396,428,573 Fully Paid Ordinary Shares were released from escrow. Also on this date, 89,285,715 class "A" Performance Shares were released from escrow, but did not vest as per the conditions of the company's Performance Share Plan. These performance shares subsequently lapsed.

Also reported on the 9th February 2018, the company announced a Letter Of Intent (LOI) with Slim Pack Entretenimento Digital Ltda, (Slim Pack) a newly formed content company out of Brazil. TV2U is finalising Due Diligence on Slim Pack whilst the content owners finalise their deals with Slim Pack's owner, Mr Newton Suzuki. Slim Pack have all appropriate broadcasting licences to provide TV2U with full unfettered access to the LATAM region with the opportunity to broadcast globally. The company's partnership with CCSTV has not been affected even though CCSTV will not provide TV2U with content, they will still broadcast through their existing network TV2U's content offering.

The company also reported another Memorandum of Understanding (MOU) with Brazilian master distributor of OTT services for North Brazil, Fortel Fortaleza Telecomunicacoes (Wirelink). Wirelink's backbone of 17,000 km's of fibre network is expected to connect TV2U with another 1,000 ISP's possible. TV2U and Partners have identified an addressable market of some 20 million households unable to be connected to cable due to inadequate infrastructure or cable cost being prohibitive.

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
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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 2017.

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

A handwritten signature in black ink, appearing to read 'D Adams', with a large, stylized initial 'D'.

David Adams
Director
28 February 2018

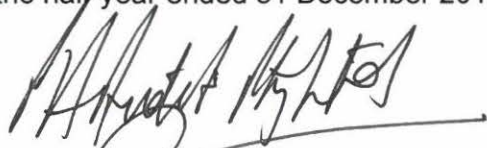
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF
TV2U INTERNATIONAL LIMITED**

As lead auditor for the review of TV2U International Limited for the half-year ended 31 December 2017, I declare 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 2017.



PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, Western Australia

28 February 2018

i:\audit\audit clients folder\au267 tv2u international limited\2017\half year\audit deliverables\reports\au267 000 by 2016 auditors independent decl_tv2u.docx

TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

| | 31-Dec-17 | 31-Dec-16 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Revenue from continuing operations | | |
| Revenue | 130,211 | 5,533 |
| Expenses | | |
| Administration expenses | (2,098,634) | (850,635) |
| Employee and Director benefits | (54,962) | (1,128,256) |
| Finance costs | (305,699) | (8,528) |
| Professional fees | - | (489,919) |
| Depreciation expense | (38,787) | (29,298) |
| Share-based payments expense | (214,286) | (4,475,929) |
| Foreign exchange loss | (30,644) | (1,741) |
| Other expenses | - | (108,476) |
| Impairment of intercompany loans | - | (166,136) |
| Loss before income tax for the period | (2,612,801) | (7,253,385) |
| Income tax expense | - | - |
| Loss after income tax for the period | (2,612,801) | (7,253,385) |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Exchange difference on translation of foreign operations | (35,967) | 302,802 |
| Other comprehensive income for the period, net of tax | (35,967) | 302,802 |
| Total comprehensive loss for the period attributable to members of TV2U International Limited | (2,648,768) | (6,950,583) |
| Loss per share attributable to the ordinary equity holders of TV2U International Limited: | | |
| Basic loss per share (cents) | (0.12) | (0.60) |
| Diluted loss per share (cents) | (0.17) | (0.60) |

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 2017

| | Notes | 31-Dec-17 | 30-Jun-17 |
|----------------------------------|-------|------------------|------------------|
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | | 323,206 | 4,582 |
| Inventory | | 52,822 | - |
| Trade and other receivables | 4 | 739,176 | 844,158 |
| Other assets | | 3,911 | 15,539 |
| Total Current Assets | | 1,119,115 | 864,279 |
| Non-Current Assets | | | |
| Plant and equipment | | 60,847 | 26,332 |
| Intangible assets | | 84,580 | 112,894 |
| Total Non-Current Assets | | 145,427 | 139,226 |
| TOTAL ASSETS | | 1,264,542 | 1,003,505 |
| Current Liabilities | | | |
| Trade and other payables | | 517,479 | 1,117,735 |
| Borrowings | 5 | 713,932 | 30,000 |
| Other liabilities | 6 | 735,125 | 764,194 |
| Total Current Liabilities | | 1,966,536 | 1,911,929 |
| TOTAL LIABILITIES | | 1,966,536 | 1,911,929 |
| NET LIABILITIES | | (701,994) | (908,424) |
| Equity | | | |
| Contributed equity | 7 | 24,337,713 | 21,698,203 |
| Reserves | 8 | 1,291,811 | 1,237,402 |
| Accumulated losses | | (26,331,518) | (23,844,029) |
| TOTAL EQUITY | | (701,994) | (908,424) |

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 2017

| | Issued Capital | Reserves | Accumulated Losses | Total Equity |
|--|-------------------|------------------|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| At 1 July 2017 | 21,698,203 | 1,237,402 | (23,844,029) | (908,424) |
| Comprehensive Loss: | | | | |
| Loss for the period | - | - | (2,612,801) | (2,612,801) |
| Other comprehensive income / (loss) | - | (35,967) | - | (35,967) |
| Total comprehensive loss for the period | - | (35,967) | (2,612,801) | (2,648,768) |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued during the period | 2,639,510 | - | - | 2,639,510 |
| Net Share Based Payments | - | 90,375 | - | 214,286 |
| Transfer from Reserves | - | - | 125,312 | 1,402 |
| At 31 December 2017 | 24,337,713 | 1,291,811 | (26,331,518) | (701,994) |

| | 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 period | - | - | (7,253,385) | (7,253,385) |
| Other comprehensive income / (loss) | - | 302,802 | - | 302,802 |
| Total comprehensive (loss) for the period | - | 302,802 | (7,253,385) | (6,950,583) |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued during the period | 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 |

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 2017

| | 31-Dec-17 | 31-Dec-16 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Cash flows used in operating activities | | |
| Income received in advance | 177,431 | - |
| Payment to suppliers and employees | (2,821,732) | (2,628,929) |
| Interest received | - | 5,533 |
| Net cash flows used in operating activities | (2,644,301) | (2,623,396) |
| Cash flows used in investing activities | | |
| Payment for intangible assets | (1,444) | - |
| Payment for plant and equipment | (43,543) | (12,602) |
| Net cash flows used in investing activities | (44,987) | (12,602) |
| Cash flows from financing activities | | |
| Net proceeds from issue of convertible notes | 3,007,912 | 975,500 |
| Share issue costs | - | (110,000) |
| Proceeds from unissued shares | - | 159,011 |
| Net cash flows provided by financing activities | 3,007,912 | 1,024,511 |
| Net decrease in cash and cash equivalents | 318,624 | (1,611,487) |
| Cash and cash equivalents at the beginning of the period | 4,582 | 2,606,835 |
| Cash and cash equivalents at the end of the year | 323,206 | 995,348 |

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 2017**

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 2017 to 31 December 2017 (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 wholesale television provider to B2B (Business to Business) 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 2017 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 2018.

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 2017, 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 2017

The Group has incurred a net loss after tax for the half-year ended 31 December 2017 of \$2,612,801 (31 December 2016: \$7,253,385), and a net cash outflow from operations of \$2,644,301 (31 December 2016: \$2,623,396). As at 31 December 2017 the Group had net liabilities of \$701,994 (30 June 2017: \$908,424).

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 2017

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 (Business to Business) clients. Through its established in-country relationships and management expertise, the Company intends to expand its asset portfolio throughout Australia, Singapore, Malaysia, Indonesia, Latin America and Europe.

4. TRADE & OTHER RECEIVABLES

| | 31-Dec-17 | 30-Jun-17 |
|-------------------|------------------|------------------|
| | \$ | \$ |
| Trade receivables | 714,549 | 767,993 |
| Other receivables | 24,627 | 76,165 |
| | 739,176 | 844,158 |

5. BORROWINGS

| | 31-Dec-17 | 30-Jun-17 |
|-------------------|------------------|------------------|
| | \$ | \$ |
| Loans | - | 30,000 |
| Convertible notes | 713,932 | - |
| | 713,932 | 30,000 |

Convertible Notes

| | \$ |
|---------------------------------------|--------------------|
| Opening balance as at 1 July 2017 | - |
| Convertible notes issued | 3,353,442 |
| Conversion of convertible notes | (2,639,510) |
| Balance as at 31 December 2017 | 713,932 |

As at 31 December 2017 the following notes were on issue:

- 47,728 Convertible notes with a face value of US\$1.10 maturing 12 months after issue. Notes are convertible into ordinary shares, at the option of the investor, at the lower of 1.5 cents per share or a price equal to 90% of the average of the four lowest daily VWAP's over the ten trading day period on which trading occurred on ASX immediately prior to election to convert; and
- 455,100 Convertible notes with a face value of US\$1.10 maturing 12 months after issue. Notes are convertible into ordinary shares, at the option of the investor, at the lower of 1.8 cents per share subject to this amount being permanently increased to: if the VWAP of the shares is above A\$0.025 for more than 5 consecutive trading days, A0.025; and if the VWAP of shares is above A\$0.03 for more than 5 consecutive trading days, A\$0.03 or at a price equal to 90% of the average of the four lowest daily VWAP's over the ten trading day period on which trading occurred on ASX immediately prior to election to convert.

TV2U INTERNATIONAL LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

6. OTHER LIABILITIES

| | 31-Dec-17 | 30-Jun-17 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Income billed in advance | 735,125 | 764,194 |
| | 735,125 | 764,194 |

7. CONTRIBUTED EQUITY

| | 31-Dec-17 | | 30-Jun-17 | |
|-----------------|---------------|------------|---------------|------------|
| | No. | \$ | No. | \$ |
| Ordinary shares | 1,773,862,583 | 24,337,713 | 1,522,871,577 | 21,698,203 |

| <i>Movement in ordinary shares</i> | No. | \$ | Issue price (\$) |
|--|----------------------|-------------------|------------------|
| Balance at 30 June 2017 | 1,522,871,577 | 21,698,203 | - |
| Shares issued on conversion of convertible notes | 250,991,006 | 2,639,510 | 0.011 |
| Balance at 31 December 2017 | 1,773,862,583 | 24,337,713 | - |

8. RESERVES

| | 31-Dec-17 | 30-Jun-17 |
|--|------------------|------------------|
| | \$ | \$ |
| Share-based payment reserve | 1,260,268 | 1,169,893 |
| Foreign currency translation and other reserve | 31,542 | 67,509 |
| | 1,291,811 | 1,237,402 |

| <i>Movement Reconciliation</i> | 31-Dec-17 |
|---|------------------|
| | \$ |
| Share-based payment reserve | |
| Balance at the beginning of the period | 1,169,893 |
| Net Share Based Payment | 90,375 |
| Balance at the end of the period | 1,260,268 |
| Foreign currency translation and other reserve | |
| Balance at the beginning of the period | 67,509 |
| Other comprehensive income / (loss) | (35,967) |
| Balance at the end of the period | 31,542 |

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

9. RELATED PARTY DISCLOSURES

(a) Equity interest of TV2U

| Name | Country of Incorporation | Equity Interest | |
|-----------------------------|--------------------------|-----------------|-----------|
| | | 31-Dec-17 | 30-Jun-17 |
| | | % | % |
| 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 \$199,407 has been paid/is payable to Talico Technologies Pte Ltd relating to Nick Fitzgerald's Consultancy Services Agreement and Director's Fees.

No other transactions with related parties during the period.

(c) Loans to related parties

There were no loans to related parties during the Period.

10. COMMITMENTS

Other than as disclosed within Note 13: *Events after balance sheet date*, there are no other commitments, other than those that existed as at 30 June 2017 that the Group has entered into during the period under review.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no new contingencies, other than those that existed as at 30 June 2017 that the Group has entered into during the Period under review.

12. DIVIDENDS

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

13. EVENTS OCCURRING AFTER REPORTING PERIOD

On 15 January 2018 the Company signed a Memorandum of Understanding with Linkfort Telecom to provide OTT services in the region of the north and south coast of Sao Paulo state. The Company and Linkfort are working on finalising the definitive commercial agreement which is to include a commitment from Linkfort to provide a minimum guarantee of 200,000 subscribers in the first year of operations.

13. EVENTS OCCURRING AFTER REPORTING PERIOD (CONTINUED)

On 02 February 2018 the Company issued 403,650 Convertible notes with a face value of US\$1.10 maturing 12 months after issue. Notes are convertible into ordinary shares, at the option of the investor, at the lower of 1.8 cents per share subject to this amount being permanently increased to: if the VWAP of the shares is above A\$0.025 for more than 5 consecutive trading days, A\$0.025; and if the VWAP of shares is above A\$0.03 for more than 5 consecutive trading days, A\$0.03 or at a price equal to 90% of the average of the four lowest daily VWAP's over the ten trading day period on which trading occurred on ASX immediately prior to election to convert.

On 02 February 2018 the company requested to be placed in a trading halt session state pending the release of an announcement by the Company regarding its OTT entertainment service in Brazil. This was followed by a suspension from official quotation pursuant to listing rule 17.2 on 06 February 2018. The voluntary suspension was extended to 09 February 2018 which is set to be the date of the announcement.

On 09 February 2018, 396,428,573 fully paid ordinary shares were released from escrow and 89,285,715 performance shares did not vest and lapsed as the conditions on which these performance shares were based did not execute.

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.

DIRECTORS DECLARATION

The Directors' declare that:

- (a) The consolidated financial statements and notes of the Group set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2017 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 2018

**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 ("Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2017, 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 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 2017 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*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 2017 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 2018