

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 2018. Previous corresponding period ended 30 June 2017.

Results for Announcement to Market

	30 June 2018	30 June 2017	% Change
	\$	\$	
Revenue and Other Income	638,793	10,244	6,136%
(Loss) after tax attributable to members	(4,323,985)	(9,811,066)	-56%
Net (loss) for the period attributable to members	(4,323,985)	(9,811,066)	-56%

Financial Reports

The consolidated income statement shows a loss after tax attributable to members of \$4,323,985 (2017: loss of \$9,811,066).

Net tangible assets per security

Net Tangible Assets per share	2018	2017
Net Tangible Assets/ (Liabilities) backing (cents per share)	(0.004)	(0.07)

Earnings per Share

Earnings per share (cents per share)	2018	2017
Continued operations		
- basic for (loss) for the year	(0.25)	(0.72)
- diluted for (loss) for the year	(0.25)	(0.72)

Dividends

No dividends have been declared or paid during the year ended 30 June 2018. The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2018.

Details of entities 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

Principle Activities

TV2U International Limited (**TV2U** or **Company**) provides a complete “White Labelled” TV and entertainment managed service from the cloud lowering the barriers of market entry and operator risk by reducing the need for high upfront capital investment or big-ticket operational overheads. TV2U’s modular SaaS (Software as a Solution) that integrates seamlessly into an existing operator’s platform and workflow bringing management, security, control and delivery efficiency over any network to any device. TV2U provides a personalized customer viewing experience whilst maximizing operator revenue through real-time intelligence.

TV2U delivers a personalized individual viewing experience, by delivering content to a consumer based on their viewing. TV2U maximizes revenue by delivering personalized targeted advertising based on a geography, demographic or an individual. Advertising can be dynamically stitched into a live stream or for on-demand inserted pre and post content. TV2U’s analytical platform is immediate, Individual, Interactive, Intelligent and Influential. TV2U providing a cloud managed service that attracts, wins and retains customers, using disruptive personalized managed campaigns. Providing a set of software tools that empower its clients to proactively drive revenue generation while reducing churn rates by maintaining existing customer retention.

Review of Operations

Strategy and Developments

During the 2018 Financial Year, the Company has continued its strategy of maintaining a low cap-ex model in order to provide an advantageous op-ex model to its customers. Although op-ex models in the technology sector have been around for some time, TV2U is one of the first in the OTT space to provide what would be a very extensive and costly infrastructure to enter the market to its customers at a very low cost point. What makes TV2U so unique is their ability to integrate into any platform currently on the market seamlessly providing our unique real time analytics to existing customer infrastructure. This integration of any existing platform allows customers to provide their data over any network on any device anywhere. Add to this the provision of content, from premium HD channel to local channel providers plus video on demand, sports broadcasting and gaming, TV2U’s multi-tenanted platform has an application for almost every opportunity.

The upgrade to IVAN in July 2017 as a cloud-based operator interface allowed the company to provide a cloud-based white-labelled managed delivery service to content owners via a simple web based interface. Known as IVAN-X, the simple interface allows any operator to quickly and efficiently launch and deliver effective OTT video services. Being device and network agnostic, IVAN-X enables content to be delivered anywhere, in any format, to any device, across any network all in a cost effective way with minimal latency issues. The white labelled service allowing operators with existing content to provide a richer user experience to their customers whilst the branded service offered by the company will provide the full array of content and streaming services necessary to promote and run a full OTT managed service for a customer and their subscribers. TV2U also has the ability to take local content, repurpose and redistribute into regions currently not able to provide mainstream television services allowing local and regional content to be viewed by subscription.

VOD or Video on Demand services are now taking a prominent position with mobile service operators and ISP’s, all eager to secure mobile video streaming services with their lucrative branding attached. TV2U has announced an opportunity with Brazil’s Visiontec STB (Set Top Box) provider to make

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available TV2U's OTT service on their latest STB's as well as legacy boxes via update of the firmware. The strategy here to provide STB's already capable of running an OTT serve to the market in which STB's could be sold in the retail market throughout Brazil. Visiontec have over 27 years of experience in manufacturing television products and will be strategic in offering a STB option to the market and to those whom already have a service and looking to upgrade to OTT.

Whilst we have been continuing to work at establishing business relationships in Brazil, an opportunity through Indosat Ooredoo was announced with the live streaming of Lemmon.id and Benjaminlive.com's Soundbox not for profit music event. This was the company's first live event streaming via our IVAN-X cloud service and was seamlessly delivered to any device on any network anywhere in the world. This service was deemed very successful and would lead to further projects. The first project on the iStream platform was the recent live streaming of the Football World Cup - Russia 2018. This event once again proved to be another very successful proof of concept to Indosat Ooredoo and their iStream platform. Partnering with TV2U's IVAN-X platform, the coverage of the world cup was again uninterrupted and provided a viewer experience not seen by Indosat in the past. Our technology is now embedded in Indosat's iStream platform as a white labelled product and we look forward to the next project with Zee Bioskop now signed up. TV2U have secured an initial 36 month streaming deal with Indosat through a subscription-based revenue share arrangement.

During the year, PT PGAS Telekomunikasi Nusantara (Pgascom) issued TV2U with a purchase order for hardware and installation/deployment of a head-end into their data centre to deliver OTT services to the region of Indonesia. As announced in November 2017, the launch has been a long time coming and remains that way currently whilst content and final hardware requirements are completed. Smartfren, Pgascom's first mobile operator is one of the leading telecommunication service providers in Indonesia and a leading 4G operator with an addressable market of 12 million subscribers. Combining Pgascom's 1,300 km's of fibre optic network servicing Jakarta and Java to Sumatra, Bali and Singapore, and TV2U's platform together with network operators such as Smartfren, the company has great exposure for its OTT services.

Also announced in November 2017 was the launch of Brazil's live service through SOLGO. The company listed both phase 1 and 2 channels that is was introducing to the service with phase 1 predominantly FTA (Free To Air) channels to around 30,000 customers on a 30 day free trial. Phase 2 offering full FTA channels and Premium local and international channels which would expand in line with expanding subscriber capacity in line with but not restricted to the minimum monthly subscriber level of 250,000 subscribers within year 1 of operations. TV2U would receive revenue on managing the service. All apps associated with SOLGO were published and subscribers could view content free of charge whilst the service soft launched.

In early January 2018, the company advised investors that a re-branding of the services offered in Brazil known as "SOLGO" was to be changed to "TV2U" with immediate effect. Partners CCSTV and SOL Telecom believed a unified brand in the market place would have a far greater impact and lead TV2U to become a household name. Given the company can provide both a white labelled as well as a branded product, the process of changing service names was not an issue and had no impact on TV2U's operational costs. TV2U was also busy negotiating terms and signing MOU's with Brazilian ISPs such as Linkfort Telecom, with an addressable market of 2 million subscribers and Wirelink, a master distributor with some 1,000 ISP customer base, both Wirelink and Linkfort are important in the roll out of services in the greater Brazil region and the Company is still looking forward to working with them.

The Company was offered, through its owner, Mr Newton Suzuki a company named "Slim Pack". A newly commenced business which had promises of providing content to TV2U and its partners through Mr Suzuki's contacts in the content and media Industry (Band Tv2). The focus here was to be able to provide an in-house content acquisition business with TV2U and Slimpack combining strategies and strengths to become a one-stop-shop for OTT and content. Both companies agreed to sign a Letter of Intent subject to a full due diligence by both parties on the respective companies. After completion of due diligence, it was mutually agreed not to continue discussions.

During this time, one of our partners in the region, CCSTV a cable operator, transmitted services from a premium content owner over our OTT platform, which they were not licensed to do. As such, TV2U took immediate action to shut down all services until regulatory advice could be sought and rectified allowing full transmission of services once again. This process has been long and complicated however the Company is confident that the appropriate licensing and regulatory controls are now in place to ensure full compliance with industry standards and local broadcasting authorities.

The Company also commenced negotiations with VOD content aggregator "Vonetize" which would enable TV2U, through its IVAN-X platform, to deliver the latest premium on-demand content 8 weeks

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after theatrical release through 4K HD quality with a back catalogue of more than 1,000 movies and approximately 180 new releases each year. Add to this a pay per view option or sell through (purchase) option all dubbed/subtitled in Portuguese for the region. Vonetize also propose to provide access for the whole LATAM region with the opportunity to expand into Asia and the CIS region.

TV2U has continued its investigation in the region into other premium content providers who the Company believes will provide equally as acceptable local, premium and VOD content.

Corporate

During the 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:

- Philip McKeiver – Non Executive Chairman
- Nicholas Fitzgerald – CEO
- David Adams – Non-Executive Director
- Alan Boyd – Non Executive Director

In addition, Ms Sophie Raven was appointed as General Counsel and Company Secretary.

On the 9th February 2018, 396,428,573 fully paid Ordinary shares and 517,857,143 Performance Shares were released from Escrow under ASX listing Rule 3.10A. On the 16th February the market was made aware of 85,285,715 unlisted performance shares lapsed in accordance with the terms of these securities due to the conditions not being met. 428,571,428 unvested Performance shares remain.

On the 3rd April 2018, the company announced the appointment of experienced company director Mr Phil McKeiver as an Independent Non-Executive Chairman of the company. With this appointment, Mr Nick Fitzgerald stepped down from the role of Executive Chairman to focus on his role as CEO of the company. Also during this time, the company appointed Ms Sophie Raven as Company Secretary. Both Ms Raven and Mr McKeiver are corporate lawyers and the Board looks forward to utilising their experience and knowledge within TV2U in assisting TV2U in achieving its goals. Ms Raven replaces Mr John Lewis as company secretary. On the 9th April 2018, Mr John Lewis resigned his position as Executive Director of the company and its subsidiaries.

On the 28th August 2018, the company gave notice to the market of a change in Registered office and Principal place of Business to 91 High Street, Fremantle.

Capital Raising

On the 12th March 2018, the Board of TV2U advised the market that the Company had completed a placement to a sophisticated investor, Cancun Trading Pty Ltd, of 105 million fully paid ordinary shares at 1.43 cents per share raising AUD \$1.5 million. With the placement to Cancun Trading Pty Ltd, the company elected not to proceed with the final \$300,000 worth of Tranche E Convertible notes with MEF I L.P. The company also announced the issue of a cleansing notice on the issue of the 105 million fully paid ordinary shares under Section 708A(5)(e) of the Corporations Act 2001 (Cth) ("Act")

Subsequent Events

On the 19th July 2018, the Company announced its successful commercial licensing agreement with Africa Enterprise Media Group (AEMG), the leading South African digital and broadcasting technology provider to launch and market its leading edge video content delivery platform under the brand name "TV2U Africa". A licensing agreement for its technology and brand assets to AEMG to enhance the full-service OTT streaming platform already offered to customers of AEMG in the region. The service will commence with 10,000 active subscribers being brought onto the new enhanced platform immediately upon commercialisation with a targeted 1 million paying subscribers in the first 12 months. AEMG have also been currently offered non-exclusive rights, subject to satisfactory performance, exclusive rights to take this platform to the rest of Africa and the Middle East. AEMG and TV2U will operate on a revenue share model and the agreement will initially run for a 36 month term with both parties agreeing to further extensions by mutual consent.

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On the 27th August 2018, the Company announced that services with iStream and TV2U's IVAN-X content delivery platform had now entered its second phase of its product evolution following the full launch of ZEE BIOSKOP channel onto the platform. ZEE BIOSKOP, an India-based satellite television channel owned by ZEE Entertainment Enterprises broadcasts a 24-hour service and provides movies officially licensed from ZEE Cinema. The channel is also one of the most famous channels in Asia. Content includes Bollywood blockbuster movies and premium Indian TV series fully dubbed into the local language. ZEE is the first of what is expected to be several content offerings hosted on the iStream platform in Indonesia over the next 12 months.

Compliance Statement

This report is based on financial statements which are in the process of being audited.

Signed in accordance with a resolution of directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Nick Fitzgerald". The signature is written in a cursive, flowing style.

Nick Fitzgerald
Director and CEO

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	30-Jun-18	30-Jun-17
	\$	\$
Revenue and other income from continuing operations	638,793	10,244
Cost of goods sold	(224,086)	-
Employee benefits expense	(54,962)	(123,358)
Administration expenses	(4,122,825)	(4,756,261)
Finance costs	(3,054)	(5,359)
Depreciation and amortisation	(86,578)	(69,532)
Share-based payment expense	(428,571)	(4,767,857)
Foreign exchange loss	(42,702)	(98,943)
Loss from continuing operations before income tax	(4,323,985)	(9,811,066)
Income tax expense	-	-
Loss from continuing operations after income tax	(4,323,985)	(9,811,066)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Exchange difference on translation	(66,543)	381,154
Other comprehensive income for the year, net of tax	(66,543)	381,154
Total comprehensive loss for the year	(4,390,528)	(9,429,912)

	<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	(0.25)	(0.72)
Diluted loss per share - cents per share	(0.25)	(0.72)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	30-Jun-18	30-Jun-17
	\$	\$
Current Assets		
Cash and cash equivalents	446,331	4,582
Trade and other receivables	888,894	844,158
Other assets	-	15,539
Total Current Assets	1,335,225	864,279
Non-Current Assets		
Plant and equipment	66,753	26,332
Intangible assets	56,248	112,894
Total Non-Current Assets	123,001	139,226
TOTAL ASSETS	1,458,226	1,003,505
Current Liabilities		
Trade and other payables	429,222	1,117,735
Borrowings	204,467	30,000
Other liabilities	835,033	764,194
Total Current Liabilities	1,468,722	1,911,929
TOTAL LIABILITIES	1,468,722	1,911,929
NET LIABILITIES	(10,496)	(908,424)
Equity		
Contributed equity	26,558,088	21,698,203
Reserves	1,475,258	1,237,402
Accumulated losses	(28,043,842)	(23,844,029)
TOTAL EQUITY	(10,496)	(908,424)

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	30-Jun-18	30-Jun-17
	\$	\$
Cash flows used in operating activities		
Receipts from customers	638,794	-
Payments to suppliers and employees	(5,161,837)	(3,697,403)
Interest received	-	10,244
Interest paid	(3,054)	(5,359)
Net cash flows used in operating activities	(4,526,097)	(3,692,518)
Cash flows used in investing activities		
Payment for plant and equipment	(66,506)	(24,130)
Net cash flows used in investing activities	(66,506)	(24,130)
Cash flows from financing activities		
Proceeds from issue of share capital	1,501,500	1,021,930
Share issue costs	(354,784)	(70,021)
Repayment of related party loan	(30,000)	(199,751)
Proceeds from issue of options	-	197,011
Proceeds from issue of Convertible Notes	3,917,636	165,226
	-	-
Net cash flows provided by financing activities	5,034,352	1,114,395
Net increase in cash and cash equivalents	441,749	(2,602,253)
Cash and cash equivalents at beginning of year	4,582	2,606,835
Cash and cash equivalents at end of year	446,331	4,582

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed Equity	Equity-based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2017	21,698,203	1,169,893	67,509	(23,844,029)	(908,424)
Comprehensive loss:					
Loss for the year	-	-	-	(4,323,985)	(4,323,985)
Other comprehensive income	-	806	(67,349)	-	(66,543)
Total comprehensive income/(loss) for the year	-	806	(67,349)	(4,323,985)	(4,390,528)
Transactions with owners in their capacity as owners:					
Share-based payments	-	428,571	-	-	428,571
Capital raising	1,501,500	-	-	-	1,501,500
Expiry of options	-	(124,171)	-	124,171	-
Share issue costs	(354,784)	-	-	-	(354,784)
Share issued for convertible notes	3,713,169	-	-	-	3,713,169
Total transactions with owners	4,859,885	304,400	-	124,171	5,288,456
At 30 June 2018	26,558,088	1,475,099	160	(28,043,843)	(10,496)
Balance at 1 July 2016	16,386,067	863,950	(315,101)	(14,495,432)	2,439,484
Comprehensive loss:					
Loss for the year	-	-	-	(9,811,066)	(9,811,066)
Other comprehensive income	-	(1,456)	382,610	-	381,154
Total comprehensive income/(loss) for the year	-	(1,456)	382,610	(9,811,066)	(9,429,912)
Transactions with owners in their capacity as owners:					
Share-based payments	4,250,000	572,857	-	-	4,822,857
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	(125,020)	-	-	-	(125,020)
Expiry of options	-	(57,402)	-	57,402	-
Total transactions with owners	5,312,136	712,466	-	57,402	6,082,004
Other					
Transfer from reserve to retained earnings	-	(405,067)	-	405,067	-
Total other	-	(405,067)	-	405,067	-
At 30 June 2017	21,698,203	1,169,893	67,509	(23,844,029)	(908,424)

**TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report of TV2U International Limited ('the Company') for the year ended 30 June 2018 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 accounting policies and methods of computation adopted in the preparation of this preliminary final report for the period under audit are consistent with those adopted in the Annual financial report for the year ended 30 June 2018.

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.

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.