Beyond International Pty Limited
109 Reserve Road Artarmon NSW 2064 Australia
Tel: 61 (0)2 9437 2000 Fax: 61 (0)2 9437 2181
Website: www.beyond.com.au

ASX ANNOUNCEMENT

25 July 2016

BEYOND INTERNATIONAL LIMITED (ASX:BYI)

TRADING UPDATE

Beyond International Limited (Beyond) provides the following update to its projected full year financial result for the year ending 30 June 2016.

Based on management information and assumptions currently available it is projected that consolidated divisional trading profit reported for the 12 months ended 30 June 2016 will be in line with divisional trading profit reported for the 12 months ended 30 June 2015, despite the disappointing trading results experienced in the Home Entertainment division (BHE) in the last 2 months of the 2016 fiscal year.

However, after allowing for the impact of foreign exchange losses (both realised and unrealised) and changes to Group income tax treatment, Beyond expects Net Profit After Tax for FY16 to be approximately 25% to 35% below that achieved in FY15.

Further detail is provided below.

BHE

BHE is forecast to post a reduction in full-year EBIT of 20% in fiscal 2016 against the full year EBIT reported in fiscal 2015.

This reversal was driven by a strong change in recent trading conditions which has adversely impacted the performance of BHE. Factors in the retail environment that have impacted BHE include:

- Aggressive product discounting (retail driven percentage off sales) by BHE's retail customers fully funded by BHE.
- Discounting of slow-moving inventory and overstocks in the retail channel fully funded by BHE.
- Higher than expected demands for BHE to pay for retail shelf space and promotional participation fees.
- The unexpected reduction of shelf space for the home entertainment category by a major department store.
- Low order volumes from BHE's customers in May and June 2016 due to the uncertainty of the Federal election and high stock holdings in the retail channel.

- The total physical DVD market contracted 7% for the six-months ending 30 June 2016.

Looking forward BHE is implementing a plan to improve the monitoring of retail inventory levels in order to reduce retail product discounting and margin erosion.

Foreign Exchange

With the majority of Distribution segment sales denominated in US Dollars and not hedged, Beyond benefited in FY15 from a depreciation of the Australian dollar of 18%, enabling Beyond to recognise exchange gains of $509k in FY2015. While the Australian dollar remains volatile with large swings on an intra-month basis, the rate prevailing at June 30 2016 is only 3% down on the rate as at 1 July 2015. As a result it is expected that an exchange loss of $131k will be booked in FY2016, a negative change of $640k from the 2015 result.

Income Tax

Income tax expense is expected to be significantly higher for the 12 months to 30 June 2016 compared to the 12 months ending 30 June 2015 due to an increase in tax expense in the UK subsidiary and the uncertainty in the Company's ability to utilise current Australian tax losses in the near term. The precise impact is still to be determined.

The Australian tax position is impacted by the utilisation by the Company of tax credits relating to the Producer Offset and Post, Digital & Visual Effects Production Offset incentives provided by the Australian Government as the revenues recognised in relation to these incentives are not assessable income under the ITAA. These incentives have historically had the impact of reducing the amount of taxable income in Australia to zero.

The Beyond balance sheet remains strong and debt free. The Directors currently expect to maintain the 2015/16 Final Dividend at the current level of five cents per share (unfranked).

Ends