



**International Limited** ACN 110 184 355

Corporate Head Office  
Ground Floor, 22 Delhi Street  
West Perth 6005  
Western Australia 6160  
ASX Code: TV2

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## **ASX ANNOUNCEMENT**

30 April 2016

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## **QUARTERLY REPORT** **Period Ended 31 March 2016**

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The Board of TV2U International Limited (TV2U or the Company) provides the following commentary and Appendix 5B for the Quarter ended 31 March 2016.

### **Highlights**

1. Completion of listing on the ASX to enable the company begin its platform monetization strategy.
2. Key agreements signed with major content and distribution partners in preparation of service launch.
3. The implementation of a strategy to reduce the overall capital and operating expenses of the company by partnering with Amazon Web Services.
4. The complete of the delivery network and the imminent delivery of revenue from a number of near term revenue generating opportunities.

### **Completion of the Acquisition of TV2U Worldwide Pty Ltd (TV2U WW)**

On 20 January 2016, the Company received a letter from ASX confirming conditional approval for the Company to be reinstated to quotation on ASX, which set out the conditions that would need to be satisfied prior to re-listing. The Company completed the conditions precedent required under the letter, and on 3 February 2016, closed the Public Offer under the Prospectus dated 10 December 2015, after raising the minimum subscription of \$4,000,000.

On this date, the following securities were issued in relation to the acquisition of TV2UWW:

- (a) 201,300,000 Shares at an issue price of \$0.02 per Share;
- (b) 357,142,857 Shares and 517,857,143 Performance Shares to the TV2UWW vendors in consideration for the TV2UWW Acquisition; and
- (c) 102,078,644 Shares and 31,687,500 Options to the holders of Convertible Notes on conversion of the outstanding balance of their Convertible Notes.

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As approved at the general meeting of shareholders on 9 November 2015, Galicia Energy Corporation Limited changed its name to **TV2U International Limited**. The Australian Securities and Investments Commission recorded the change of name on 3 February 2016. The ASX code was subsequently changed from "GAL" to "TV2".

On 9 February 2016, Mr Tony Chong was appointed as Non-executive Chairman of the Company, replacing Mr Peter Wall who resigned as a Director of the Company due to other work commitments.

Tony is a corporate and tax lawyer, with significant experience in mergers and acquisitions and commercial transactions. He has worked in house and in practice across various industries, and has advised media, advertising and technology companies on their structure and commercial dealings. Tony has specific interest and expertise in assisting companies trade with the Asian Region. Tony is the lead partner of Lavan Legal's Corporate Services Group.

#### **Key Agreements & Business Opportunities**

Via the partnerships with Amazon Web Services and Divan, TV2U has fast tracked the launch of its complete entertainment platform service. This is due to a clear strategy to deliver commercial agreements utilizing low capital and operational expenditure. This strategy has now provided the company with the confidence to look to deliver on several opportunities that previously would have had to wait until the completion of the Kuala Lumpur HUB.

The strategy of the company is to Phase rollout to minimise capex to secure early cash flow. TV2U looks to minimize its risk and total capital allocation to each contract by delivering the lower cost yet high margin content to its target market initially to scale subscribers. Once an applicable number of subscribers has been met in this region then it will negotiate terms for the latest movies and games.

#### **Karaoke**

During the quarter the Company, through its 100% owned subsidiary TV2U Singapore Pte Ltd signed agreements with two market leaders for the commercial launch of a karaoke app using TV2U's unique streaming platform.

The Company entered into a JV partnership with UK-based Sunfly, one of the world's leading karaoke song providers, to bring a multilingual karaoke jukebox service to the global market place.

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The JV entity will be registered in Singapore and named Karaoke2U, and the jukebox app will be powered by Sunfly and TV2U ("Sunfly2U"). Sunfly2U is more than a karaoke app. It will include unique add-ons for social media, global sharing and acquisition of content.

It is anticipated that Sunfly2U will be first launched in May 2016 in Thailand.

### Fast Track Service Delivery Alliances

#### **Divan Alliance**

In February 2016, TV2U Singapore Pte Ltd signed a binding agreement with leading Eastern European video streaming service provider, Divan.TV, that will generate an immediate revenue stream for TV2U from commercial launch of the service, which is expected in late May 2016.

TV2U will deliver encrypted Hollywood content to the CIS region from its operational global interactive platform. This fast track method of delivery allows the Company to limit the capital expenditure involved in launching a service into a new jurisdiction.

Divan.TV has a large and established network of users across the region and the service can easily be scaled to meet future demand. The current Divan.TV network can deliver local content and the latest Hollywood video-on-demand (VOD) content localised in the Russian language to any device on one unified platform.

#### **Amazon Alliance**

The Company has selected **Amazon Web Services** (AWS) for its complete entertainment platform deployments.

The key benefit of using AWS for cloud computing is the opportunity to replace up-front capital infrastructure expenses with low variable costs to scale the TV2U business. With the cloud, TV2U no longer needs to plan for and procure servers and other IT infrastructure months in advance. Instead, TV2U can instantly gain access to additional servers from AWS in minutes for rapid service delivery.

TV2U's core mission is to deliver a next generation cloud-based total entertainment solution to multiple business customers. The Company is initially targeting customers in the emerging markets and has secured two material customer agreements that will deliver near-term revenues to TV2U.

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TV2U's offering consists of a Cloud-based Technology Platform, bundled with content and real-time analytics delivered on an attractive monthly pricing model to customers. AWS has been selected because it allows TV2U's technology to scale according to subscriber usage without incurring an upfront investment, and as such, is an excellent fit with TV2U's technology strategy.

Using this approach, the Amazon technology will support TV2U's first deployments into Thailand for the Sunfly2U service, and the Commonwealth of Independent States (CIS), including Russia, for Divan.TV's VOD service.

These two alliances allow the company to monetise and gain immediate access to significant revenue from its content and distribution agreements with nominal capital expenditure outlay from this quarter onwards.

#### **Loyalty Option Entitlement Issue**

During the quarter, the Directors of the Company resolved to make a pro rata non-renounceable offer to issue approximately 260,411,320 New Loyalty Options under a new Prospectus at an issue price of \$0.0001 cents per new option to raise approximately A\$26,041 before expenses.

This entitlement issue is to reward current shareholders and to provide them additional exposure for the companies roll out of its complete entertainment platform, and to provide additional leverage to the Company's low capex / high margin IPTV delivery strategy.

The new options will have an exercise price of \$0.04 cents per option and an expiry date of 30th March 2019. The New Options are being offered on the basis of one (1) New Option for every four (4) Shares held on the Record Date.

Each Shareholder's entitlement under the Offer will be set out in the Entitlement and Acceptance Form that will accompany a Prospectus, to be mailed to Shareholders registered at the Record Date, which will be announced to the market shortly.

It is intended that the new options will be listed and the use of funds raised will be allocated for working capital purposes and expenses of the offer.

#### **Investor Enquiries:**

Tom Young  
Corporate Communications  
Email: [tom@tv2u.com](mailto:tom@tv2u.com)

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#### Media queries:

Matthew Wu

Media & Capital Partners

Mobile: 0433 634 706

Email: [matthew.wu@mcpartners.com.au](mailto:matthew.wu@mcpartners.com.au)

#### About TV2U

TV2U is a global complete entertainment platform that enables businesses, such as telecommunications companies, to quickly and easily offer streaming content to their customers. The service includes movies, television programs, karaoke 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.

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