



**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**

21<sup>st</sup> December 2016

### **COMPANY UPDATE AND SUCCESSFUL COMPLETION OF PROOF OF CONCEPT TRIALS**

**TV2U International Limited** (ASX: TV2, “the Company”) is pleased to provide to provide shareholders an update on the status of its current partnership / joint venture agreements and the successful completion of major proof of concept trials in Brazil and Indonesia.

#### **PGASCOM**

TV2U has now completed its service delivery Proof of Concept trial for its Indonesian project in partnership with PT.PGAS Telekomunikasi Nusantara (PGAS). This successful trial has been approved by PGAS and major mobile operator Telekom PT SmartFren (SMARTFREN). This is a major milestone for the Company and our service delivery into the high growth Indonesian markets. In mid-December, PGAS and TV2U International held a successful workshop in Perth to discuss the business plan and commercials for contract finalization.

On the 26<sup>th</sup> October 2016, TV2U International Limited signed a Heads of Agreement (HOA) with Indonesian government owned telecommunications provider PGAS, a subsidiary of PGN to provide a white labeled interactive OTT managed service into the region of Indonesia.

PGAS operates and manages 1,300 km of fiber optic with a network capacity of 160Gbps from Jakarta and Java, to Sumatra, Bali and Singapore. This services 70% of Indonesia’s Internet Service Providers. This provides access to a large potential customer base.

The HOA provides that, subject to agreeing final terms and executing a binding agreement, PGAS will pay US\$3.5m to TV2U for the cost of service delivery and a monthly management fee per active customer.

#### **Divan.TV collaboration update**

The next phase of the Divan.TV service delivery is being fast tracked to meet expected legislation changes with regards to piracy and illegal streaming in Ukraine in 2017.

Recently a number of illegal streaming companies have been closed down by the Ukrainian “cyber police” unit which provides confidence of a change in law as well as the countries economic recovery post several geopolitical issues during 2015-16.

Ukraine’s Cabinet of Ministers on October 21 approved draft legislative amendments aimed at the “protection of copyright and related rights on the Internet.” The amendments, which reportedly include “effective mechanisms” for combating online piracy, will be submitted shortly to the Supreme Council of Ukraine with a decision expected to be made law in January.

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These efforts by the Ukrainian government will potentially benefit the subscription uptake within country as effectively, current users of OTT content will be forced to choose a legal service for their viewing of western content.

The provision of Hollywood content to Ukraine and Russia is now finalized and terms have been agreed. The final channel line up to be released to the market in January 2017. The content provision will include the latest Hollywood films and television programs plus localized content and karaoke to both Russia and The Ukraine in 2017.

The main benefit and service differential for Ukraine and Russian subscribers will be, the diverse range of local and international content which will be dubbed or subtitled into the Russian language.

### **Sol Telecom and GTV**

It was announced on the 3<sup>rd</sup> November 2016 TV2U signed an MOU with two established Brazilian Telecommunications Companies, Sol Telecom (SOL) and Amazonia Publicidade Ltda (GTV) to provide the technology platform for the delivery of OTT television (live and on-demand) to the region of Brazil.

Field trials for proof of concept have been completed and approved by both SOL and GTV and therefore meeting the requirements for service delivery which is a major milestone for the finalization on these contracts. The commercial terms are currently being finalized.

Brazil has been a major target market for Tv2u for some time as it has around 19.5 million Pay TV subscribers and is the biggest market in all Latin American countries. Pay TV growth potential is huge as Pay TV penetration is below 30%, many telephony and internet providers are looking to expand their footprint in the coming years while complementing, or in some cases even replacing, the core Pay TV offerings with new OTT services.

TV2U intends to offer a complete managed service to both companies, which ensures maximum avenues for revenue generation and the critical mass of immediate subscriber acquisition. The financial model encompasses the following avenues for revenue generation, which includes but is not limited to, management fees, license fees, use of the Company's platform and direct target advertising. This complete service offering allows TV2U to offer a premium service at an affordable monthly subscription price. Utilization of the existing customer networks of both of these local companies provides a low cost implementation of service, whilst increasing the company's margin on the revenue generated from management and advertising fees.

### **OM Telecom**

OMT is a leading Australian telecom services company with access to more than 200,000 customers through its various ISP partners. OMT offers fully managed ISP services to brand owners entering the telecommunications industry.

The companies signed an agreement in May that allows TV2U and OMT to bundle their respective services, and

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market it to customers who can then provide their own “white labeled” media and telecommunications service. All revenue generated from the JV is shared equally between TV2U and OMT.

This Joint Venture has been put behind projects with nearer term revenue opportunities.

### Bodyworks

On the 27<sup>th</sup> October 2016, it was announced that TV2U International Limited had signed a Heads of Agreement (HOA) with Netherlands based health and fitness company Body Works International BV to launch the Company’s first health and wellbeing OTT content initiative using TV2U’s intelligent Video Accessible Network (iVAN). Body Works will meet the costs of the digital on-line marketing and the promotion of the service from revenue generated from the service, which will start in the New Year, on the e-commerce platform via a Body Works app called Body Works TV.

Once completed, the content will be available in Europe and then extended across the Middle East, Asia and the United States. Body Works will offer a free 7-day trial of the app that will include approximately 40 health and fitness on-demand videos before any subscription is necessary, giving access to over 300 workouts from world renowned U.S TV personality Gilad Janklowicz

### Karaoke2U

The second phase of development was completed in mid-September 2016, providing for a number of extra features to ensure a greater user experience and to compete with the premium Karaoke applications.

We are currently on IOS and Android in 19 countries including Armenia, Australia, Azerbaijan, Belarus, Hong Kong / SAR China, Indonesia, Kazakhstan, Kyrgyzstan, Malaysia, Moldova, New Zealand, Pakistan, Russia, Taiwan, Tajikistan, Thailand, Turkmenistan, Ukraine and the United Kingdom

There are 15,163 users as at the end of November 2016 and is generating revenue however will not be of a material nature until the full commercial roll out, advertising campaign and strategy is decided in early 2017.

### Toomai

On 31<sup>st</sup> August 2016 TV2U announced that telecoms provider NPBB GROUP, LLC through its subsidiary Toomai Broadcasting Telecommunications Corporation Ltd (Toomai) had selected TV2U to provide its OTT service.

This service provision was for a bespoke white labelled cloud-based interactive OTT/IP managed service for the delivery of international and regional linear, on-demand, and Karaoke content.

TV2U reached and signed the following commercial terms with Toomai, for the engineering and launch of this service which includes an upfront cash component of USD \$1,150,000 and a revenue sharing model for Hollywood / Premium content, Karaoke, Advertising and VOIP provision.

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Post the establishment and operation of this service TV2U would receive two further cash payments which are due 12 months from launch being USD \$1,550,000 and 24 months from launch being USD \$2,050,000. At this time, TV2U International have received no funds from Toomai and the Company has expended no resources on this project and will not do so until initial payment is made.

TV2U continues to liaise with Toomai on payment.

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### **About TV2U**

TV2U is a pioneer of innovative technologies and business concepts, empowering customers to increase profitability by generating global revenue through cost-effective cloud-based interactive OTT/IPTV managed OPEX services, or as a physically deployed solution at the operator's facility. TV2U is able to deliver any content (video, audio and data) over any network (internet, television, radio, satellite broadcasters), to any device (phone, tablet, television, pc, laptop, gaming consoles).

This disruptive technology enables broadcast providers and consumers of all categories (i.e. free to air, cable, online, corporate and individual) to maximise the quality of delivery, regardless of network capacity or device. Using the TV2U approach, prospective operators can enter the market with a radically different OPEX based business case that allows them to mitigate a great deal of operational risk offering a different price point to conventional triple-play service providers.

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