



International Limited

TV2U INTERNATIONAL LIMITED

ABN 73 110 184 355

HALF-YEAR FINANCIAL REPORT

31 December 2019

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TV2U INTERNATIONAL LIMITED
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Directors & Officers

Bret Silvey – Non-Executive Director
(Appointed 9 April 2019)

Nick Fitzgerald – Chief Executive Officer

Hannah Field – Non-Executive Director
(Appointed 9 April 2019)

Company Secretary

Mrs Sophie Raven

Registered Office

91 High Street
Fremantle WA 6160
T: +61 (08) 6168 7400
F: +61 (08) 9430 6222
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

Elderton Audit Pty Ltd
Level 2, 267 St. Georges Terrace
Perth WA 6000

Share Registry

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

Solicitors

Gilbert + Tobin
Level 16, Brookfield Place Tower 2 123
St Georges Terrace
Perth WA 6000

Domicile and Country of Incorporation

Australia

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2019 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	Chief Executive Officer	Appointed 5 February 2016
Alan Boyd	Non-Executive Director	Appointed 19 January 2017, Resigned 25 November 2019
Bret Silvey	Non-Executive Director	Appointed 9 April 2019
Hannah Ward	Non -Executive Director	Appointed 9 April 2019

2.COMPANY SECRETARY

The current Company Secretary up to the date of this report is Ms Sophie Raven.

3.PRINCIPAL ACTIVITIES

The 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. The Company's modular SaaS (Software as a Solution) integrates seamlessly into an existing operator's platform and workflow bringing management, security, control and delivery efficiency over any network to any device. The Company 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.

4.REVIEW OF OPERATIONS

The Company requested that it be placed into voluntary suspension on 26 November 2019 and remains in voluntary suspension to the date of this Half-Year Report.

During the Period, the following operational updates were provided:

AEMG

During the September 2019 quarter, TV2U successfully completed the AVoD and live streaming advertising solution for TV2 Africa, allowing AEMG to actively sell advertising space on the platform for both VoD assets and live TV channels on the

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

platform. AEMG signed a live streaming and video-on-demand agreement with One Africa TV (OATV) to allow them to take its content over the top on the TV2Africa platform.

TV2Africa expanded its VoD library, receiving approximately 500 assets from Gravel Road. These assets range from documentaries, feature, lifestyle, music videos and short films.

During the December 2019 quarter TV2U worked with AEMG to advance the functionality and useability of their platform. Several improvements were made to increase overall performance, such as browser caching, reducing the size of the iOS and Android apps, database warehousing and Live channel player and EPG load time improvements. Updates to the iOS application were also made to ensure that there were no compatibility issues with the release of iOS 13. TV2U completed the design and build of the TV2Africa set top box application, to allow users to enjoy the content on the big screen. Discussions are underway to plan the deployment of the application to AEMG's chosen STB devices.

JEE GROUP

During the September 2019 quarter JEE continued with their Google Ad marketing campaign and reached over 10,000 downloads of the Android App from the Google Playstore. JEE progressed with their in-house transcoding schedule and made over 1,000 assets available to watch on the Persis TV platform across movies and TV series. In the quarter TV2U worked together with JEE to design and develop the new IVAN-X music module, using the most up to date industry techniques to allow the streaming of Persian music across the web and Android mobile application.

During the December 2019 quarter, TV2U worked with JEE on their GDPR compliance, ensuring that the correct messaging, data security and data storage was in place. Part of this work was to ensure that a user could deactivate their account, which would trigger the deletion of all non-essential personal data. This feature is now available as part of the IVAN-X standard functionality for all current and future TV2U customers. Advances were made in the quarter on the new music module, and at the end of the quarter JEE commenced the creation of the metadata file for the music singles and albums.

ESPORTS

During the September 2019 quarter TV2U started collaborating with the content aggregator esportsclips to obtain access to this gaming content. TV2U deployed an esports themed version of their IVAN-X platform and uploaded over 50 hours of exclusive moderated content with a guarantee of 10 hours per week of the latest Esports content. This was used to showcase the available content to TV2U's current and potential clients, allowing them to look at the viability of adding this type of content to their platform and to offer the most popular games in their regions using the esportsclips format.

During the December 2019 quarter, TV2U made improvements to the platform that was created in the September 2019 quarter. These were done to help potential customers see how the esports content could be controlled and viewed. Updates were made on the meta data allowing users to search for games, players and their favourite esports teams, which is a requirement for fans following several tournaments. A parental control mechanism was also introduced to cater for the vast amount of video games that come with a specific age rating.

PGASCOM

During the September 2019 quarter the TV2U team travelled to Indonesia to meet with PGASCOM and discuss the OTT platform project. During the December 2019 quarter, TV2U remained in communication with PGASCOM while they continued to look for further content partnerships with Indonesian operators.

INDOSAT

During the September 2019 quarter TV2U travelled to Indosat's Head of Data in Jakarta to discuss current operations and scope a white labelled version of IVAN-X for one of their clients (PR Plus).

During the December 2019 quarter TV2U continued to support Indosat with its plan to offer TV2U's platform as a white label B2B solution to its clients and customers.

SOL TELECOM

During the September 2019 quarter TV2U continued to provide technical support to SOL with regards to its OTT direct to consumer service, SOL GO. TV2U successfully designed and developed its IVAN-X launcher apk for installation onto Set Top

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Boxes (STB) to compliment the SOL GO mobile applications. The STB apk allows users to sign in, sign up, browse the content and purchase a subscription, as well as manage the boxes features such as WiFi connectivity and initial setup.

BRITISH COLUMBIA UNIVERISTY

During the December 2019 quarter TV2U drafted a commercial contract to cover the staged deployment of the water leak detection system for the University. This was sent to the appropriate key stakeholders at the University for them to review and sign, both parties will then move forward with the first product order, which will be followed by the planning of a site visit for the installation.

TALICO SMART TECHNOLOGY – CONSULTATION SERVICES

During the December 2019 quarter, TALICO undertook commercial discussions on a number of 'smart' projects in various stages whereby TALICO will provide consultancy services to bring together a number of best of breed technology companies along with its own products and infrastructure to build sustainable solutions for commercial and residential projects.

JAYPLUS AG

JAYPLUS is a new venture born out of ECOTONIAN a company that provides forward financing to the sports industry for leagues, clubs and player transfers. During the December 2019 quarter, TV2U and JAYPLUS executed an Exclusive License Agreement, as announced on 28 November 2019. TV2U will be the Technology Partner of JAYPLUS via the NextGen Sports OTT Platform, Fan Engagement 360 Platform and Second Screen Experience. As referenced in the ASX announcement dated 28 November 2019, and by way of update to the market, TV2U advises that JAYPLUS's anticipated investment funding from its third party investors is still in process of being finalised and no initial licence fees have been paid to TV2U to date.

Corporate

During the Period, the following corporate events occurred:

- Alan Boyd, a non-executive director of the Company, resigned; and
- The Company's Annual General Meeting was held on 20 December 2019, at which the following Resolutions were passed following a poll:
 - ❖ Resolution 1: Adoption of Remuneration Report
 - ❖ Resolution 3: Election of Director – Bret Silvey
 - ❖ Resolution 4: Election of Director – Hannah Ward
 - ❖ Resolution 5: Future Draw Downs under Lind Agreement
 - ❖ Resolution 6: Re-approval of Incentive Plan
 - ❖ Resolution 7: Ratification of prior issue of Shares for Settlement
 - ❖ Resolution 8: Ratification of prior issue of Shares in lieu of Fees
 - ❖ Resolution 9: Replacement of Constitution

In relation to proposed Resolution 2, Re-Election of Director – Alan Boyd, given that Mr Boyd resigned as a Non-Executive Director of the Company prior to Annual General Meeting (refer to ASX Announcement dated 25 November 2019), this resolution was withdrawn and no poll was carried out on it.

In relation to Contingent Resolution 10 – Spill Meeting, as less than 25% of the votes cast on Resolution 1 were voted against the adoption of the Remuneration Report, Resolution 10 was withdrawn and no poll was carried out on it.

Resolution 9, Replacement of Constitution, was a special resolution and was passed with the requisite 75% majority.

TV2U INTERNATIONAL LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

5. FINANCIAL RESULTS

The financial results of the Group for the half-year ended 31 December 2019 are:

	31-Dec-19	30-Jun-19
Cash and cash equivalents (\$)	29,616	293,029
Net Assets (\$)	(1,975,207)	(1,752,000)

	31-Dec-19	31-Dec-18
Revenue (\$)	181,422	130,707
Net loss after tax (\$)	(1,016,187)	(1,919,177)
Basic loss per share (cents)	(0.05)	(0.06)
Dividend (\$)	-	-

5. EVENTS OCCURRING AFTER REPORTING PERIOD

After the reporting period, on 21 February 2020, the Company held a General Meeting, at which shareholders resolved to:

- (a) Approve the acquisition of 100% of the internet of things and over the top intellectual property from Talico Technologies Pte Ltd (**Talico**);
- (b) Create a new class of securities in the Company, namely performance shares;
- (c) Issue 800,000,000 performance shares to Talico (or its nominee) as consideration for the acquisition; and
- (d) Issue 8,437,501 fully paid ordinary shares to Nick Fitzgerald (or his nominee) in lieu of salary.

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.

6. 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 2019.

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

nick fitzgerald

Nick Fitzgerald

Managing Director
28 February 2020

Auditor's Independence Declaration

To those charged with the governance of Tv2u International Limited

As auditor for the review of Tv2u International Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

28 February 2020
Perth

TV2U INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-Year Ended 31-Dec-19 \$	Half-Year Ended 31-Dec-18 \$
Revenue from continuing operations		
Revenue	181,422	130,707
Net gain arising on financial liabilities	434,262	875,531
Fair value movement in Derivative	-	59,637
Expenses		
Cost of Goods Sold	-	(83,827)
Administration expenses	(1,118,160)	(2,022,446)
Employee and Director benefits	(15,000)	(59,422)
Finance costs	(1,321)	(919)
Depreciation and amortisation expense	(513,067)	(339,527)
Share-based payments expense	-	(452,101)
Foreign exchange gain/(loss)	15,677	(26,810)
Loss before income tax for the period	(1,016,187)	(1,919,177)
Income tax expense	-	-
Loss after income tax for the period	(1,016,187)	(1,919,177)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of foreign operations	(1,186)	4,742
Other comprehensive income for the period, net of tax	(1,186)	4,742
Total comprehensive loss for the period attributable to members of TV2U International Limited	(1,017,373)	(1,914,435)
Loss per share attributable to the ordinary equity holders of TV2U International Limited:		
Basic loss per share (cents)	(0.05)	(0.06)
Diluted loss per share (cents)	(0.05)	(0.06)

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 2019

	Notes	31-Dec-19 \$	30-Jun-19 \$
Current Assets			
Cash and cash equivalents		29,616	293,029
Trade and other receivables		245,880	206,090
Other assets		34,655	8,224
Total Current Assets		310,151	507,343
Non-Current Assets			
Plant and equipment		34,658	48,393
Total Non-Current Assets		34,658	48,393
TOTAL ASSETS		344,809	555,736
Current Liabilities			
Trade and other payables		790,476	800,846
Borrowings	4	1,525,056	1,463,013
Other liabilities		4,484	43,877
Total Current Liabilities		2,320,016	2,307,736
TOTAL LIABILITIES		2,320,016	2,307,736
NET ASSET/(LIABILITIES)		(1,975,207)	(1,752,000)
Equity			
Contributed equity	5	29,724,036	28,929,870
Reserves	6	311,494	1,893,574
Accumulated losses		(32,010,737)	(32,575,444)
TOTAL EQUITY		(1,975,207)	(1,752,000)

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 2019

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2018	26,558,087	1,475,323	(28,249,168)	(215,758)
Comprehensive income:				
Loss for the period	-	-	(1,919,177)	(1,919,177)
Other comprehensive income / (loss)	-	4,742	-	4,741
Total comprehensive (loss) for the period	-	4,742	(1,919,177)	(1,914,436)
Transactions with owners in their capacity as owners:				
Share issued for convertible notes	588,152			588,152
Issued for non cash	107,374			107,374
Share based payments- Class B to D	-	377,102	-	377,102
At 31 December 2018	27,253,613	1,857,165	(30,168,345)	(1,057,567)
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2019	28,929,870	1,893,574	(32,575,444)	(1,752,000)
Comprehensive income:				
Loss for the period	-	-	(1,016,187)	(1,016,187)
Other comprehensive income / (loss)	-	(1,186)	-	(1,186)
Total comprehensive (loss) for the period	-	(1,186)	(1,016,187)	(1,017,373)
Transactions with owners in their capacity as owners:				
Share based payments	94,166			94,166
Share issued for convertible notes	-			-
Share purchase – Lind	700,000			700,000
Share based payments- Class B to D (Transfer from reserves to retained earnings)	-	(1,580,894)	1,580,894	-
At 31 December 2019	29,724,036	311,494	(32,010,737)	(1,975,207)

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 2019

	Half-Year Ended 31-Dec-19 \$	Half-Year Ended 31-Dec-18 \$
Cash flows used in operating activities		
Receipts from customers	177,356	130,707
Payment to suppliers and employees	(1,217,753)	(1,563,024)
Interest paid	(1,038)	(919)
Net cash flows used in operating activities	(1,041,435)	(1,433,236)
Cash flows used in investing activities		
Payment for intangible assets	-	-
Payment for plant and equipment	(3,027)	(12,065)
Net cash flows used in investing activities	(3,027)	(12,065)
Cash flows from financing activities		
Net proceeds from issue of convertible notes	-	1,047,899
Proceeds from issuance of Share Capital	781,049	102,503
Net cash flows provided by financing activities	781,049	1,150,402
Net decrease in cash and cash equivalents	(263,413)	(294,899)
Cash and cash equivalents at the beginning of the period	293,029	446,331
Cash and cash equivalents at the end of the year	29,616	151,432

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 2019

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 2019 to 31 December 2019 (the "Period") and comprises the Company and its subsidiaries (referred to as the "Consolidated Entity" or the "Group").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of compliance

This general purpose financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with the Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Tv2U during the half-year reporting period in accordance with the continuance disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 in the 30 June 2019 financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted AASB 16 Lease from 1st July 2019

AASB 16: Leases

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an arrangement contains a Lease, AASB interpretation 115 Operating Leases-Incentives and AASB interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.

- AASB 16 contains disclosure requirements for leases.

Based on the Group's detailed assessment for the impact of AASB 16, the standard has not had a material impact on the transactions and balances recognised in the financial statements. The Company's overseas subsidiaries have rent agreements for the office premises in Lahore and Kuala Lumpur. Both rent agreements allow either party to terminate the contract without significant penalties hence under the AASB16 there are no non-cancellable period exists. All premises rental agreements are classified as short term leases and the group recognise rent payments as an operating expense on a straight-line basis over the term of the lease

(b) 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.

The Group has incurred a net loss after tax for the half-year ended 31 December 2019 of \$1,016,187 (31 December 2018 of \$1,919,177), and a net cash outflow from operations of \$1,041,435 (31 December 2018: \$1,433,236). As at 31 December 2019 the Group had net liabilities of \$1,975,207 (30 June 2019: \$1,752,000).

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.

JAYPLUS is a new venture born out of ECOTONIAN a company that provides forward financing to the sports industry for leagues, clubs and player transfers. During the December 2019 quarter, TV2U and JAYPLUS executed an Exclusive License Agreement, as announced on 28 November 2019. TV2U will be the Technology Partner of JAYPLUS via the NextGen Sports OTT Platform, Fan Engagement 360 Platform and Second Screen Experience. The term of the executed licence agreement is ten years including initial \$4.88 million payment. As referenced in the ASX announcement dated 28 November 2019, and by way of update to the market, TV2U advises that JAYPLUS's anticipated investment funding from its third party investors is still in process of being finalised and no initial licence fees have been paid to TV2U to date.

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.

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.

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

4. BORROWINGS

	Note	31-Dec-19	30-Jun-19
		\$	\$
Convertible note Liability		660,000	1,094,263
Embedded derivative		865,056	368,750
		1,525,056	1,463,013
Movement reconciliation		\$	\$
Convertible note liability		1,094,263	62,934
Financial Liability Conversion		368,750	1,437,066
Opening balance		1,463,013	1,500,000
Add/(Less)		\$	\$
Amortisation		496,305	785,816
Fair Value movement in Derivative		-	(312,533)
Net gain on Financial Liabilities		(434,262)	(30,270)
Repayments -Conversion to Shares	5	-	(480,000)
		62,043	(36,987)
Closing Liability		1,525,056	1,463,013

Convertible Notes

The Convertible Security Funding Agreement entered into by the Company with Lind Asset management in September 2018 (as announced to ASX on 17 September 2018) (the Existing Funding Agreement), under which the Company has drawn down A\$1,500,000 in funds to date, remains in place. The terms of the Existing Funding Agreement still provide the Company with the ability to request up to an additional A\$1,200,000 (in three tranches of A\$400,000 each) during the term of the Existing Funding Agreement through the issue of a second, third and fourth convertible security, subject to certain conditions having been met. Under the new arrangement, the original collateral shares issued under the Existing Funding Agreement have been reduced to zero. First convertible security had a face value of \$1,800,000 that will be repayable over 18 months. Tv2u will make 15 monthly repayments of \$120,000 in either shares or cash. The monthly repayment amount in shares will be determined using 90% of the average of three daily VWAPs per share. Tv2u paid Lind a commitment fee of \$45,000 and an execution of the Agreement Tv2u issued 30,000,000 fully paid ordinary share and 62,500,000 unlisted options to purchase ordinary shares in Tv2u with an exercise price equal to 130% of the average daily VWAP during the 20 trading days prior to execution of the Agreement, with an expiry date of 36 months after the date of issue.

An independent expert valuation of the convertible notes was completed and key features of the valuation level are listed below under Valuation approach.

Valuation Approach

Expert valuer used valuation approach as follows:

- Valuation was carried out only the First Convertible Security (as defined in the Convertible Security Agreement) of \$1.5m (also referred to as 'Convertible Security' in this report) as the other three tranches of \$400k each have not been issued;
- Valuation of the Convertible Security on the date of the financial period ended 31 December 2019;
- There is a total of 15 repayments to be made on the Convertible Security. The first repayment of \$120,000 occurred on or around 19 December 2018 but the holiday period for repayment was extended to 30 April 2019. Therefore, the second monthly repayment was made in May 2019. Under the scheduled repayment, three repayments should be repaid by 30 June 2019 but the repayment in July 2019 was brought forward and consequently four repayments had been made by 30 June 2019. Therefore, the next monthly repayment would be made in August 2019;

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

- The maturity date of the convertible security was extended to June 2020;
- No repayments have been made since 1 July 2019 as the lender has not issued any repayment notices since that date. We have used a "catch up" in the monthly amount in order to have the full amount repaid by maturity.
- The holiday period, in order to obtain the average three daily VWAPs from the last 20 trading days immediately prior to the notice dates;
- As it is in the investor's sole discretion to select the average three daily VWAPs, we have selected the lowest three VWAPs in the relevant 20 trading days;
- In view of the monthly repayments in 5 remaining instalments, we have broken up our valuation into the 5 sub-tranches, each with a conversion feature;
- Whilst cash repayment is an option, we understand it is unlikely to happen and we have only considered the conversion option for the purpose of valuing the financial instrument;
- We have assumed that the conversion option of the investor is optimised if converted at the end of the maturity date, hence we have not taken into account early exercise.

5. CONTRIBUTED EQUITY

Issued and fully paid

	31-Dec-19			
	No.	\$	No.	\$
Ordinary shares	2,650,666,640	29,724,036	2,546,274,779	28,929,870

Movement in ordinary shares

	No.	\$
Balance at 30 June 2019	2,546,274,779	28,929,870
Shares purchase – Lind	97,023,809	700,000
Share based payments ¹	7,368,052	94,166
Balance at 31 December 2019	2,650,666,640	29,724,036

1. Includes payment to contractors and suppliers in lieu of fees.

6. Reserves

	31-Dec-19	30-Jun-19
	\$	\$
Share Based Payment Reserve	312,013	1,892,807
Foreign Currency Translation Reserve	(519)	767
	311,494	1,893,574
Movement reconciliation		
Share Based Payment Reserve		
Balance at the beginning of the year	1,892,807	1,475,099
Performance rights (ii)	-	65,280
Listed Options	-	351,414
Exchange difference on translation	100	1,014
Transfer to retained earnings upon expiry of performance shares (A to D)	(1,580,894)	-
Balance at end of the year	312,013	1,892,807

TV2U INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Foreign Currency Translation Reserve

Balance at the beginning of the year	767	224
Exchange difference on translation	(1,286)	543
Balance at end of the year	(519)	767

SHARE BASED PAYMENTS

1. Options

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the period	Exercised/ Balance at Expired during end of the the period period	Vested & exercisable at end of the period
Listed options						
7-May-19	30-Mar-21	\$ 0.0010	351,413,289	-		351,413,289
Unlisted options			177,912,500			177,912,500
11/07/2019	9/07/2022	\$ 0.0104		6,187,500		6,187,500
13/08/2019	12/08/2022	\$ 0.0078		5,500,000		5,500,000
19/09/2019	17/09/2022	\$ 0.0104		6,187,500		6,187,500
21/10/2019	17/10/2022	\$ 0.0091		7,071,429		7,071,429
22/11/2019	16/11/2022	\$ 0.0091		7,071,429		7,071,429
			529,325,789	32,017,858	-	561,343,647

2. Performance rights

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the period	Vested & exercisable at end of the period
09-Feb-16	9-Feb-20	Nil	142,857,143	-	-	142,857,143	-	-
09-Feb-16	9-Feb-20	Nil	178,571,428	-	-	178,571,428	-	-
03-Jul-19		0.011		2,310,212	1,117,789		1,192,423	1,192,423
			321,428,571	2,310,212	1,117,789	321,428,571	1,192,423	1,192,423

7. COMMITMENTS AND CONTINGENCIES

There are currently no contingent liabilities or contingent assets outstanding at the end of the current reporting period.

8. DIVIDENDS

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

9. SUBSEQUENT EVENTS

After the reporting period, on 21 February 2020, the Company held a General Meeting, at which shareholders resolved to:

- (a) Approve the acquisition of 100% of the internet of things and over the top intellectual property from Talico Technologies Pte Ltd (**Talico**);
- (b) Create a new class of securities in the Company, namely performance shares;
- (c) Issue 800,000,000 performance shares to Talico (or its nominee) as consideration for the acquisition; and
- (d) Issue 8,437,501 fully paid ordinary shares to Nick Fitzgerald (or his nominee) in lieu of salary.

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 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2018 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.



Nick Fitzgerald
Managing Director
28 February 2020

Independent Auditor's Review Report

To the members of Tv2U International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tv2U International Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 the *Corporations Act 2001* and for such internal control as the directors' determine is necessary to enable the preparation 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 matter 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 company's financial position as at 31 December 2019 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 Tv2U International Limited, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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:

- (i) giving a true and fair view of the Tv2U International Limited's financial position as at 31 December 2019 and of its 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*.

Emphasis of matter – inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 1 in the financial statements which outlines the ability of the company to continue as a going concern is dependent on the ability of the company to raise additional funds as required to pay its debts as and when they fall due.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

Managing Director

28 February 2020
Perth