



XTV NETWORKS LIMITED
Appendix 4E

1. Details of the reporting period and the previous corresponding period			
	<ul style="list-style-type: none">Current period: 1 July 2015 to 30 June 2016Previous corresponding period: 1 July 2014 to 30 June 2015		
2. Results for announcement to the market			
	Key information	Percentage change	Year ended 30 June 2016 \$'000
2.1	Revenues from ordinary activities	Down 30%	362
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	Up 23%	(7,109)
2.3	Net profit / (loss) for the period attributable to members	Up 23%	(7,109)
	Dividends	Amount per security	Franked amount per security
2.4	Final dividend	-	-
2.5	Record date for determining entitlements to the dividend	N/A	
2.6	Commentary on results for the financial year Refer Annual Report		
3. Consolidated Statement of Comprehensive Income			
	Refer Annual Report		
4. Consolidated Statement of Financial Position			
	Refer Annual Report		
5. Consolidated Statement of Cash Flow			
	Refer Annual Report		
6. Consolidated Statement of Change in Equity			
	Refer Annual Report		
7. Dividend			
	It is not proposed to pay dividends		
8. Dividend reinvestment plan			
	There is no dividend reinvestment plan in operation.		



9. Net tangible assets per security			
		Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
	Ordinary shares	(0.0019)	0.0033

10. Control gained or lost over entities during the financial year		
	Name of entities where control was gained during the financial year	Date control gained
	None	N/A
	Name of entities where control was lost during the financial year	Date control lost
	Refer Annual Report re Liquidation of Subsidiary	

11. Investment in associates and joint ventures	
	Not applicable.

12. Other information	
	Refer Annual Report

13. Foreign entities	
	N/A

14. Commentary on results for the period	
	Refer Annual Report

15 and 16. Audit	
	The accounts have been audited and contain a disclaimer

-ENDS-

For further information please contact:

Winton Willesee
Chairman
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XTV Networks Limited and Controlled Entities
ABN 16 124 251 396

Annual Financial Report

30 June 2016

XTV Networks Limited and Controlled Entities
ABN 16 124 251 396

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XTV Networks Limited and Controlled Entities
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Review of Operations

Following the completion of the reverse acquisition transaction and name change to xTV Networks Limited, the Company focused on developing and commercialising its technology which was designed to enable organisations to build and control the messaging and content within their own enterprise media networks by organising video, social media and breaking news into a real-time TV experience.

xTV's technology was designed to allow businesses to set up dedicated multi-channel online networks that integrate branded video and user-generated content with other real-time feeds. xTV's cloud-based TV applications services platform was designed to be interactive and work across a multitude of devices and browsers designed to increase viewership of video content.

To further fund its operations, in March 2016 the Company entered into an agreement with East West Bank for the provision of a secured US\$3.0 million debt facility, and in May 2016 the Company entered into a further debt facility for the provision of up to US\$10.0 mill with Bergen Global Opportunity Fund LP.

In April 2016 the Company made an announcement to ASX in relation to a material Letter of Intent in relation to the commercialisation of its technology. Unfortunately, shortly afterwards the Company was required to issue a clarification and subsequently was contacted by the counterparty who advised xTV that the contract between the Company and itself was being terminated.

In June 2016 the Company sought a voluntary suspension of trading of its securities on ASX pending an announcement on 'management and restructuring arrangements'.

Post Balance Date Events

In July 2016 the Company announced it had repaid the amounts owing under the East West Bank facility and provided security to Bergen Global Opportunity Fund LP in relation to its facility.

Following which, also in July 2016, the Company appointed Mr Willesee and Ms Dale to the parent Board and accepted the resignation of Messrs Ward and Reynolds, which was shortly followed by the appointment of Mr Hill and resignation of Mr Canepa. This resulted in a whole new parent Board being in place such that all the directors in office during the aforementioned period during which the debt was incurred and contract agreed and subsequently terminated had ceased as directors and a new Board was in place.

Endeavours by the new Board to restructure the Group and particularly to manage its financial difficulties were further impacted when in September 2016 a petition under Chapter 7 of the US Bankruptcy Code was filed in the Northern Californian Bankruptcy Court in relation to the Company's US subsidiary xTV Networks Inc. The Petition was filed by a group of creditors as an Involuntary Petition. In October 2016 the Company's US subsidiary xTV Networks Inc. entered into bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California.

The Company has remained suspended from trading on ASX pending suitably restructuring its business operations and financial circumstances to facilitate, amongst other things, its recommencement of trading on ASX.

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Directors' Report

Your Directors present their report on the results of XTV Networks Limited for the year ended 30 June 2016.

As indicated in the Review of Operations Report, the Company's wholly owned US subsidiary xTV Networks Inc. entered bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code on 27 October 2016.

As disclosed in the 30 June 2015 Annual Report, the acquisition on 3 February 2015 of XTV Networks by Intercept Minerals Limited was accounted for as a reverse acquisition under AASB 3 – *Business Combinations*. This treatment meant that while in legal terms the transaction was Intercept Minerals Limited acquiring XTV Networks Inc, for accounting purposes XTV Networks Inc was deemed to have acquired Intercept Minerals Limited. As a result, Intercept Minerals Limited, although the legal parent entity, was deemed the accounting subsidiary, and XTV Networks Inc, the legal subsidiary was deemed the accounting parent.

Due to the bankruptcy, and the resignation of the Company's previous directors and management, no verifiable financial information for xTV Networks Inc. is readily available for the year ended 30 June 2016. As a result, management have been unable to comply with the requirements of AASB 10 – *Consolidated Financial Statements* and the 30 June 2016 financial report contains the financial information of XTV Networks Limited (accounting subsidiary) only.

Given the above circumstances and the net asset deficiency of the Company as at 30 June 2016 of USD\$2,243,284, the Directors have concluded that the going concern assumption is not appropriate for the preparation of these financial statements.

Accordingly, the financial statements for the financial year ended 30 June 2016 reflect full provisions for the non-recovery of the investment in and loans advanced to xTV Networks Inc.

The comparative financial statements for the year ended 30 June 2015 do reflect the consolidation of xTV Networks Inc. and have not been re-stated.

DIRECTORS

The names and details of the Company's directors in office as at the date of this report are as follows:

Mr Winton Willesee (appointed 7 July 2016)
Ms Erlyn Dale (appointed 7 July 2016)
Mr Harry Hill (appointed 10 August 2016)

The names and details of the Company's directors that were in office during the financial year are as follows. Directors were in office for this entire financial year unless otherwise stated.

Mr J Ward (resigned 7 July 2016)
Mr T Reynolds (resigned 7 July 2016)
Mr M Canepa (resigned 10 August 2016)
Mr C Thomas (resigned 23 June 2016)
Mr R Tassone (resigned 23 June 2016)

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Directors' Report

QUALIFICATIONS AND EXPERIENCE OF DIRECTORS

Mr Winton Willesee

Qualifications: BBus, DipEd, PGDipBus, MCom, FFin, CPA, GAICD, FGIS/FCIS

Mr Willesee is an experienced company director. He brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.

Mr Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.

Other current listed company directorships:

Non-Executive Director of MMJ PhytoTech Limited (ASX: MMJ)

Non-Executive Director of Nanollose Limited (ASX: NC6)

Former listed company directorships (last 3 years):

Non-Executive Chairman of Ding Sheng Xin Finance Co Limited (ASX:DXF) (delisted 15 May 2018)

Chairman of Metallum Ltd (now Kopore Metals Limited (ASX: KMT) (resigned 8 November 2017)

Non-Executive Chairman of Birimian Ltd (ASX: BGS)(resigned 22 March 2017)

Non-Executive Director of DroneShield Limited (ASX:DRO)(resigned 24 Jan 2017)

Executive Chairman Cove Resources Ltd (now BidEnergy Limited)(ASX: BID) (resigned 1 Jul 2016)

Non-Executive Chairman of Basper Ltd (now DirectMoney Limited ASX:DM1)) (resigned 3 Jul 2015)

Interest in Shares/Options – nil

Ms Erlyn Dale

Qualifications: BCom, AGIA/ACIS

Ms Dale has a broad range of experience in the efficient administration of companies and corporate governance having been involved with several listed and unlisted public and other companies.

Ms Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.

Former listed company directorships (last 3 years):

Non-Executive Director of Metallum Ltd (now Kopore Metals Limited (ASX: KMT) (resigned 8 November 2017)

Non-Executive Director of Cove Resources Ltd (now BidEnergy Limited)(ASX: BID) (resigned 1 Jul 2016)

Interest in Shares/Options – nil

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Directors' Report

Mr Harry Hill

Mr Hill is a qualified accountant and company secretary and has been involved with private, public and ASX listed companies for over 30 years acting in the capacity of Chairman, Managing Director, Non-Executive Director and Company Secretary. Mr Hill has been involved in the fields of mining, oil and gas, education, wholesale and retail clothing, technology and communications.

Former listed company directorships (last 3 years) - None

Interest in Shares/Options – nil

COMPANY SECRETARY

As at the date of this Report, Ms Eryn Dale is the Company Secretary. Ms Anna Mackintosh resigned as Company Secretary on 24 June 2016.

OPERATING AND FINANCIAL RESULTS

As at 30 June 2016 the Company had a net asset deficiency of USD\$2,243,284. The consolidated loss of the consolidated group for the financial year after providing for income tax amounted to USD\$7,109,127 (2015: loss of USD\$5,780,556).

The Directors have concluded that the going concern assumption is not appropriate for the preparation of these accounts. Refer to Note 1 – Statement of Significant Accounting Policies.

DIVIDENDS

No dividends have been paid or declared during the financial year, nor do the directors recommend the declaration of a dividend.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Potential developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report due to the material uncertainty of future activities and financial outcomes.

REMUNERATION REPORT (Audited)

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel.

Directors' Report

Principles used to determine the nature and amount of remuneration

Once the Company successfully restructures, the objective of the Company's executive reward framework will be to ensure reward for performance is competitive and appropriate for the results delivered. The framework will be designed to align executive reward with the achievement of strategic objectives and the creation of value for shareholders, and will be designed to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency.

The full Board fulfilling the role of the Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Once the Company successfully restructures its operations the Board intends to structure an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The reward framework will be designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having value creation and capital growth in advance of economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of growth in share price and eventually dividends, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed from time to time by the Board fulfilling its role as the Nomination and Remuneration Committee. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not entitled to vote on the determination of his own remuneration. Given the nature of the Company and the more hands-on role the non-executive directors' play in the operations of the Company non-executive directors may receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was via a resolution of all shareholders on 29 January 2015, where the shareholders approved a maximum annual aggregate remuneration of \$250,000.

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Directors' Report

Executive remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed regularly by the full Board fulfilling the role of Nomination and Remuneration Committee based on the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other benefits where it does not create any additional costs to the Company and provides additional value to the executive.

The short-term incentives ('STI') program has yet to be finalised. Once adopted it will be designed to align the targets of Company with the performance hurdles of executives. STI payments will be granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

The long-term incentives ('LTI') program is also yet to be finalised. Once adopted it will include equity-based payments. Equity securities are awarded to executives with vesting conditions and expiry dates aligned to the Company's business plans and targets.

Use of remuneration consultants

During the financial year ended 30 June 2016 the Company did not engage external remuneration consultants.

Details of remuneration

Details of the remuneration of key management personnel of the Company during the year ended 30 June 2016 are set out in the following tables.

Financial Year ended 30 June 2016 (\$USD)

	Cash Salary & Fees	Non Cash Benefits	Superannuation	Total
J Ward*	See Notes below	-	-	-
T Reynolds*	See Notes below	-	-	-
M Canepa*	See Notes below	-	-	-
C Thomas	31,100	-	2,900	34,000
R Tassone	31,100	-	2,900	34,000
Total	62,200	-	5,800	68,000

* These directors were employed and remunerated by XTV Networks Inc. As a result of the matters outlined in Note 1 to the financial statements management have insufficient financial information available to them with which to adequately disclose their remuneration for the year ended 30 June 2016.

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Directors' Report

Financial Year ended 30 June 2015 (\$USD)

	Cash Salary & Fees	Non Cash Benefits	Superannuation	Total
J Ward	118,461	-	494	118,955
T Reynolds	113,107	10,002	-	123,109
M Canepa	56,808	-	-	56,808
C Thomas	12,952	-	1,230	14,182
R Tassone	12,952	-	1,230	14,182
S Randazzo (resigned 2 February 2015)	79,092	-	2,922	82,014
G Steinepreis (resigned 2 February 2015)	91,834	-	-	91,834
P Burke (resigned 2 February 2015)	48,334	-	-	48,334
Total	533,540	10,002	5,876	549,418

There were no share based payments or options issued to Directors during the financial years ended 30 June 2016 or 30 June 2015. The shareholdings of Directors are detailed in Note 3.

The key management personnel of the Company now consists of the following directors of xTV Networks Limited:

Mr Winton Willesee (appointed 7 July 2016)
 Ms Erlyn Dale (appointed 7 July 2016)
 Mr Harry Hill (appointed 10 August 2016)

The current directors are employed under letter agreements.

Mr Hill is entitled to \$2,500 plus GST per month to act as a non-executive director of the Company. Mr Hill has yet to seek to be paid his entitlements and has indicated he will not do so until the Company is in a position to meet this obligation.

Mr Willesee and Ms Dale have nominated Azalea Consulting Pty Ltd (an entity associated with both Mr Willesee and Ms Dale) as their nominee to receive all payments to which they are entitled.

Azalea Consulting Pty Ltd is entitled to \$11,000 plus GST per month in total for the services of Mr Willesee and Ms Dale as directors and as Company Secretary of the Company, plus Mr Willesee is entitled to a day rate of \$1,200 plus GST per day for time in excess of four days per month allocated to the Company and Ms Dale is entitled to a day rate of \$1,000 plus GST for out of scope work. Azalea Consulting Pty Ltd is also entitled to \$1,000 plus GST per month to act as the front and registered office of the Company, and is entitled to a termination fee of \$24,000 plus GST should Ms Dale's role as Company Secretary be terminated.

Azalea Consulting Pty Ltd was not entitled to any payment for the 2015/16 financial year. It was paid its entitlements throughout the financial year 2016/17 however has not sought any further payment from 30 June 2017 has indicated it will not do so until the Company is in a position to meet this obligation.

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Directors' Report

MEETING OF DIRECTORS

The number of meetings (including meetings of committees of directors) held during the financial year and meetings attended by directors (while they were directors or committee members) were as follows:

	Number eligible to attend	Number attended
J Ward	10	10
T Reynolds	10	10
M Canepa	10	9
C Thomas	10	10
R Tassone	10	6

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has indemnified the directors and executives of the company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

OPTIONS

At the date of this report, there are 28,000,000 options on issue. Refer to Note 7 for details of exercise prices and expiration dates.

CORPORATE GOVERNANCE STATEMENT

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council ("**Recommendations**").

The Board has adopted the following suite of corporate governance policies and procedures which are contained with the Company's **Corporate Governance Plan**, a full copy of which is available on the Company's website at www.xtv.net

- Board Charter
- Corporate Code of Conduct
- Public Sector Code of Conduct
- Audit and Risk Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Continuous Disclosure Policy
- Risk Management Policy
- Remuneration Policy
- Trading Policy

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Directors' Report

- Diversity Policy
- Shareholder Communications Strategy
- Performance Evaluation Procedures
- Skills Matrix

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company is pleased to report that its practices are largely consistent with the Recommendations of the ASX Corporate Governance Council and sets out below its compliance and departures from the Recommendations as at 15 June 2018 for the most recent completed financial year being the financial year ended 30 June 2017. This statement has been approved by the Board.

In the context of the Company's nature, scale and operations, the Board considers that the current corporate governance regime is an efficient, practical and cost effective method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor's during the financial year.

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Directors' Report

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 13 of the Financial Statements.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'W Willesee', is positioned above the printed name of the Chairman.

Mr Winton Willesee
Chairman

4 July 2018

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of XTV Networks Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

**CROWE HORWATH PERTH****SEAN MCGURK**

Partner

Signed at Perth, 4 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XTV NETWORKS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Disclaimer of Opinion

We were engaged to audit the accompanying financial report of XTV Networks Limited (the Company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company.

We do not express an opinion on the accompanying consolidated financial report of the Company. Because of the significance of the matters described in the *Basis of Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the financial report

Basis for Disclaimer of Opinion

As a result of the matters outlined in Note 1 to the financial report, we note the following:

- the financial report of the Company has been prepared on a non going concern basis. By preparing the financial report under the non going concern basis, the directors of the Company have determined that they have no realistic alternative other than to liquidate the operations of the entity. Management have been unable to provide sufficiently complete information in respect to creditor claims (including employee entitlements) arising in a liquidation scenario. As a result, we have been unable to gain sufficient evidence over the completeness of the creditor claims and the associated disclosures in the financial report.
- The financial report has not been prepared on a consolidated basis as required by AASB 10 *Consolidated Financial Statements*.

Directors' Responsibilities

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, discussing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to conduct an audit of the Company's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled other ethical responsibilities in accordance with the Code.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2016.

In our opinion, and for the reasons outlined in Note 1 to the financial report, the Remuneration Report of XTV Networks Limited for the year ended 30 June 2016 does not comply with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



CROWE HORWATH PERTH



SEAN MCGURK

Partner

Signed at Perth, 4 July 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$USD	2015 \$USD
Revenue		362,135	515,819
Other income		-	20,258
Employee benefits expense		(65,826)	(1,755,527)
Share-based payment	14	(272,500)	(2,933,873)
Depreciation and amortisation expenses		-	(32,591)
Consultancy and legal expenses		(429,085)	(620,747)
Administration expenses		(1,132,528)	(974,088)
Interest expense		(21,906)	(29,388)
Provision for diminution in investment in subsidiary		(1,574,818)	-
Provision for non-recovery of loans to subsidiary		(3,891,661)	-
Other expenses		(216,044)	-
Foreign exchange gains / (losses)		133,106	29,581
Loss before income tax		(7,109,127)	(5,780,556)
Income tax expense	2	-	-
Loss for the year		(7,109,127)	(5,780,556)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year*		(7,109,127)	(5,780,556)
Basic loss per share (cents per share)	5	(0.0061)	(0.0089)
Diluted loss per share (cents per share)	5	(0.0061)	(0.0089)

* There are no non-controlling interests or losses. All losses are attributable to the members of the parent.

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. The 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives have not been adjusted. Refer to Note 1(a).

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Consolidated Statement of Financial Position
As at 30 June 2016

	Note	2016 \$USD	2015 \$USD
ASSETS			
Current Assets			
Cash and cash equivalents		20,563	4,462,037
Trade and other receivables		6,734	15,594
Other current assets		23,814	363,875
Total Current Assets		51,111	4,841,506
Non-Current Assets			
Property, plant and equipment		-	46,101
Intangible assets – internally developed software		-	440,576
Total Non-Current Assets		-	486,677
TOTAL ASSETS		51,111	5,328,183
LIABILITIES			
Current Liabilities			
Trade and other payables		92,488	345,486
Financial Liabilities	6	2,201,907	561,883
TOTAL LIABILITIES		2,294,395	907,369
NET (LIABILITIES)/ASSETS		(2,243,284)	4,420,814
EQUITY			
Issued capital	7	15,008,766	15,184,102
Reserves		774,083	476,375
Accumulated losses		(18,026,133)	(11,239,663)
TOTAL EQUITY		(2,243,284)	4,420,814

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. The 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives have not been adjusted. Refer to Note 1(a).

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Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Issued Capital \$USD	Option Reserve \$USD	Accumulated Losses \$USD	Total Equity \$USD
Balance at 1 July 2014	674,800	-	(5,459,107)	(4,784,307)
Comprehensive loss for the year	-	-	(5,780,556)	(5,780,556)
Share issues net of costs	14,509,302	-	-	14,509,302
Adjustment related to acquisition	-	476,375	-	476,375
Balance at 30 June 2015	15,184,102	476,375	(11,239,663)	4,420,814
Balance at 1 July 2015	15,184,102	476,375	(11,239,663)	4,420,814
Comprehensive loss for the year	-	-	(7,109,127)	(7,109,127)
Share based payments	272,500	-	-	272,500
Options issued during the year	-	311,368	-	311,368
Foreign currency movement	(447,836)	(13,660)	322,657	(138,839)
Balance at 30 June 2016	15,008,766	774,083	(18,026,133)	(2,243,284)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. The 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives have not been adjusted. Refer to Note 1(a).

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Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 \$USD	2015 \$USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	503,882
Payments to suppliers and employees		(1,555,389)	(3,927,112)
Interest received		362,135	4,517
Loan funds advanced to subsidiary		(3,891,661)	-
Interest paid		-	(81)
Net cash used in operating activities	8	(5,084,915)	(3,418,794)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(55,503)
Payments for internally generated intangible assets		-	(463,764)
Net cash used in investing activities		-	(519,267)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary share net of transaction costs		-	8,097,230
Proceeds from issue of options		311,368	-
Proceeds from borrowings		2,000,000	-
Net cash provided by financing activities		2,311,368	8,097,230
Net (decrease)/ increase in cash held		(2,773,547)	4,159,169
Cash at the beginning of the year		2,794,110	302,868
Cash at the end of the year		20,563	4,462,037

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. The 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives have not been adjusted. Refer to Note 1(a).

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

As disclosed in the 30 June 2015 Annual Report, the acquisition on 3 February 2015 of XTV Networks by XTV Networks Limited (formerly Intercept Minerals Limited) was accounted for as a reverse acquisition under AASB 3 – Business Combinations. This treatment meant that while in legal terms the transaction was XTV Networks Limited acquiring XTV Networks Inc, for accounting purposes XTV Networks Inc was deemed to have acquired XTV Networks Limited. As a result, XTV Networks Limited, although the legal parent entity, was deemed the accounting subsidiary, and XTV Networks Inc, the legal subsidiary was deemed the accounting parent.

As a result of matters outlined below and elsewhere in the report management do not have access to sufficiently complete and verifiable financial information relating to XTV Networks Inc (legal subsidiary/accounting parent) for the year ended 30 June 2016. As a result, management are unable to apply the requirements of AASB 10 – *Consolidated Financial Statements* for the accounting year ended 30 June 2016. As such the 30 June 2016 financial statements relate to XTV Networks Limited only (legal parent/accounting subsidiary).

The 30 June 2015 comparative information is that of the consolidated group.

(a) Basis of Preparation

Financial statements are normally prepared on a going concern basis where there is neither the intention nor the need to materially curtail the scale of the entity's operation. If such intention or need exists, the financial statements cannot be prepared on a going concern basis.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, as they apply to a non-going concern basis.

The financial report is presented in United States Dollars and is rounded to the nearest whole dollar unless otherwise stated.

The Company's wholly owned US subsidiary xTV Networks Inc. subsequently entered bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code on 27 October 2016. Due to the bankruptcy and the resignation of the Company's previous directors and senior management, no sufficiently complete and verifiable financial information for xTV Networks Inc (accounting parent/legal subsidiary) is available to management, and accordingly the Directors have been unable to apply the requirements of AASB 10- *Consolidated Financial Statements*.

The 30 June 2016 financial statements reflect the activities and position of XTV Networks Limited (accounting subsidiary/legal parent) only, including full provision for the non-recovery of the Company's investment in and loans advanced to xTV Networks Inc.

The comparative financial statements for the year ended 30 June 2015 do reflect the application of AASB 10- *Consolidated Financial Statements* by XTV Networks Limited.

(b) Going Concern

As outlined in the Operations Report, a significant number of events occurred both prior and subsequent to the balance date, including, but not limited to:

- (i) the Bankruptcy of the Company's US Subsidiary and major operating business xTV Networks Inc. on 27 October 2016;

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

- (ii) the material curtailment of the Company's operations in the United States due to the aforementioned Bankruptcy proceedings;
- (iii) the Company's default under the Convertible Securities Subscription Agreement entered into with Bergen Global Opportunity Fund; and
- (iv) the lack of verifiable financial information available to the incoming Board of Directors in relation to the financial and operational performance of xTV Networks Inc. during the period 1 July 2015 to 30 June 2016 and then to the date of Bankruptcy.

Given the above circumstances and the net asset deficiency of the Company as at 30 June 2016 of USD\$2,243,284 the Directors have concluded that the going concern assumption is not appropriate for the preparation of these accounts.

Based on the above circumstances, the Directors have applied the requirements of paragraph 25 of AASB 101 *Presentation of Financial Statements* which state that "When the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern."

(c) Impact of adopting the non-going concern basis of preparation on measurement, classification of assets and liabilities, and disclosure

Under the non-going concern basis of preparation, assets have been measured at their subsequent realisable value. The subsequent realisable value is their value based on the proceeds subsequently received on sale, disposal or realisation. Liabilities have generally been measured at their contractual amounts payable including in default circumstances where relevant.

The recognition and de-recognition requirements of Australian Accounting Standards have continued to be applied on the preparation of the financial report.

Any gains or losses resulting from measuring assets and liabilities under the non-going concern basis are recognised in profit and loss.

The material impacts of adopting the non-going concern basis of preparation and measuring assets and liabilities on that basis are summarised below.

Carrying value of xTV Network Inc.

xTV Network Inc. is a 100% owned legal subsidiary of the Company.

As a result of the matters outlined above, the carrying value of the Company's investment in xTV Network Inc, has been valued at zero and the amount of USD\$1,574,811 has been expensed in the financial statements.

In addition, the carrying value of the Company's loans to xTV Inc, has been valued at zero and as a result the amount of USD\$3,891,661 has been expensed in the financial statements.

Carrying value of trade and other payables and provisions

The carrying value of trade payables and provisions of the Company as at 30 June 2016 have been recognised at their contractual amounts payable.

The financial statements record an amount of UDS\$2,201,907 in relation to a secured convertible note loan and capitalised interest owing to Bergen Global Opportunities Fund that is due and payable under the non-going concern basis.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) Statement of Compliance with International Financial Reporting Standards

2016 policy

This general purpose financial report complies with Australian Accounting Standards as applied under the non-going concern basis of preparation. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2015 policy

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

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, event 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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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. The entity is a for-profit entity.

(e) Adoption of New Accounting Standards

2016 policy

New Australian Accounting Standards and interpretations that have been issued and amended but not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2016. In light of the non-going concern basis of preparation the Group has not determined the impact of standards issued yet not effective.

2015 policy

Adoption of new and revised standards – changes in accounting policies on initial application of accounting standards:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(e) Adoption of New Accounting Standards (*continued*)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

(f) Basis of Consolidation

2016 policy

Due to the matters outlined above relating to the Company's legal subsidiary/accounting parent, XTV Networks Inc, management have been unable to gain access to sufficiently complete and verifiable financial information of XTV Networks Inc required in order to apply the requirements of AASB 10 – *Consolidated Financial Statements*, as such the financial statements for the year ended 30 June 2016 comprise the financial statements of XTV Networks Limited only. ("the Company").

2015 policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of xTV Networks Ltd as at 30 June 2015 and the results of all subsidiaries for the year then ended. xTV Networks Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If these amounts are less than the fair value of the identifiable assets of the subsidiary acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Reverse acquisition

A reverse acquisition occurs when the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself 'acquired' by a smaller public entity as a means of obtaining a stock exchange listing. Although legally the issuing entity is regarded as the parent and the private entity is regarded as the subsidiary, the legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent. The published price of the equity instruments of the acquirer is used to determine the cost of the combination, or where this is not available, the deemed fair value of its shares, and a calculation shall be made to determine the number of equity instruments the acquirer would have to issue to provide the same percentage ownership interest of the combined entity to the owners/shareholders of the acquirer as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated shall be used as the cost of the combination.

On 3 February 2015, Intercept Minerals Ltd (listed entity) acquired 100% of the issued shares of mppAPPs, Inc. (unlisted U.S. entity). Intercept Minerals Ltd then changed its name to xTV Networks Ltd on the same date. Under the principles of AASB 3 Business Combinations (by analogy), mppAPPs, Inc. (unlisted entity) is the accounting acquirer in the deemed business combination and therefore, the transaction has been accounted for as a reverse acquisition.

(g) Significant Accounting judgements, estimates and assumptions

2016 policy

The preparation of the financial statements for the reporting year requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Directors continually evaluate their judgement and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. The directors base their judgement and estimates on historical experience and on other various factors they believe to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

The directors have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results of the financial position reported in future periods.

- **Non-going concern basis of preparation**

Judgement involved in assessing measurement adjustments in applying the non-going concern basis of preparation are disclosed in Note 1(c).

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2015 policy

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date, where and if applicable, are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Intangible assets

Intangible assets consist of development activities for the Company's internally developed software and are measured on the cost basis. In determining what qualifies as development activities for the Company's internally developed software, management must make certain assumptions regarding whether such activities meet the criteria for being capitalized as intangible assets.

(h) Income Tax

2016 & 2015 policy

The income tax expense (revenue) for the current and prior periods comprises current income tax expense or income and deferred tax expense or income.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense or income is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

XTV Networks Limited and Controlled Entities
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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Goods and Services Tax (GST)

2016 & 2015 policy

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Property, Plant and Equipment

2016 & 2015 policy

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer Equipment and Software	33% - 50%
Furniture and Fittings	25%

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

The non-going concern basis of preparation of accounts has been applied to 30 June 2016 financial statements, resulting in recognition of a significant impairment of property, plant and equipment.

(k) Impairment of Assets

2016 & 2015 policy

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Foreign Currency Transaction Balances

2016 & 2015 policy

(i) *Functional and Presentation Currency*

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollars which is the parent entity's functional and presentation currency.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(ii) *Transaction and Balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

(i) *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.

- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rate prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(m) Employee Benefits

2016 & 2015 policy

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(n) Provisions

2016 & 2015 policy

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(o) Cash and Cash Equivalents

2016 & 2015 policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(p) Revenue and Other Income

2016 & 2015 policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(q) Borrowing Costs

2016 policy

The accounts have recorded the convertible note, including capitalised interest and service fees on a default basis, as financial liabilities under Note 6. Fees incurred for the arrangement of the convertible note have been expensed in the period incurred.

(r) Trade and Other Payables

2016 & 2015 policy

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition.

(s) Comparative Figures

2016 policy

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. While the financial statements have been prepared on a non-going concern basis, comparative information remains on a going concern basis and has not been adjusted.

2015 policy

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(t) Fair Value of Assets and Liabilities

2016 & 2015 policy

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(u) Trade and other receivables

2016 & 2015 policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

XTV Networks Limited and Controlled Entities
ABN 16 124 251 396

Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(v) Issued Capital

2016 & 2015 policy

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(w) Earnings per share

2016 & 2015 policy

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. If the Company has an after tax loss, dilutive potential ordinary shares are not considered in the weighted average number of shares.

(x) Intangible Assets

2016 & 2015 policy

Intangible assets consist of development activities for the Company's internally developed software and are measured on the cost basis. Intangible assets are carried at cost less, where applicable, any accumulated amortisation and impairment losses. The carrying amount of intangible assets is reviewed at least annually by management to ensure it is not in excess of the fair value of these assets.

Recognition of an intangible asset occurs when the following main criteria are met: (1) the Company frequently expends resources for the development on intangible resources; (2) the asset is identifiable; (3) the Company has control of the asset; and (4) future economic benefits are anticipated to be derived from the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate.

The amortisation rate used for the Company's intangible assets is 20%. This reflects a 5 year life, which is the expected useful life of its technology platform based on management's best estimate.

Research and maintenance costs are charged to the income statement during the financial period in which they are incurred.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 2: INCOME TAX EXPENSE

	2016	2015
	\$USD	\$USD
(a) A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the periods ended 30 June 2016 and 30 June 2015 is as follows:		
Accounting loss before tax from continuing operations	7,109,127	5,780,556
Accounting loss before income tax	7,109,127	5,780,556
At the statutory income tax rate of 30% (2015: 30%)	(2,132,738)	(1,734,668)
Permanent differences	-	116,865
U.S. tax losses not brought to account	-	1,471,777
Deferred assets not brought to account	2,132,738	204,782
Tax effect of equity raising cost	-	(59,257)
Income tax expense	-	-
(b) Tax balances not brought to account		
Timing differences	344,831	344,831
Tax losses not brought to account	3,719,455	1,603,924
	4,064,286	1,948,755

XTV Networks Limited and Controlled Entities
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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 3: DIRECTORS AND KEY MANAGEMENT PERSONNEL COMPENSATION

- a) Name and position held of key management personnel in office at any time during or since the end of the financial year are:

Directors:

Mr Winton Willesee (appointed 7 July 2016)
 Ms Erlyn Dale (appointed 7 July 2016)
 Mr Harry Hill (appointed 10 August 2016)
 Mr J Ward (resigned 7 July 2016)
 Mr T Reynolds (resigned 7 July 2016)
 Mr M Canepa (resigned 10 August 2016)
 Mr C Thomas (resigned 23 June 2016)
 Mr R Tassone (resigned 23 June 2016)

Management:

Ms Anna Mackintosh (Company Secretary) (resigned 24 June 2016)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

	2016	2015
	\$USD	\$USD
Short-term employee benefits (Cash & Deferred)	62,200	543,542
Post-employment benefits	5,800	5,876
Share based payments	-	-
Total	68,000	549,418

- b) The number of shares in the Company held during the financial year by the directors and key management personnel of the Company, including their related parties are set out below.

	Balance 30 June 2015	Granted as Remuneration	Net Change Other	Balance 30 June 2016
J Ward	238,355,541	-	263,157	238,618,698
T Reynolds	7,964,070	-	-	7,964,070
M Canepa	298,253	-	-	298,253
C Thomas	-	-	-	-
R Tassone	-	-	-	-
Total	246,617,864	-	263,157	246 881,021

XTV Networks Limited and Controlled Entities
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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 3: DIRECTORS AND KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

- c) The number of listed options in the Company held during the financial year by the directors and key management personnel of the Company, including their related parties are set out below.

	Balance 30 June 2015	Granted as Remuneration	Net Change Other	Balance 30 June 2016
J Ward	-	-	119,177,770	119,177,770
T Reynolds	-	-	3,982,035	3,982,035
M Canepa	-	-	149,326	149,326
C Thomas	-	-	-	-
R Tassone	-	-	-	-
Total	-	-	123,309,131	123,309,131

The options have an exercise price of \$0.02 and an expiry date of 1 June 2018 and were issued on 16 July 2017 pursuant to the option entitlement issue.

- d) The number of performance rights in the Company held during the financial year by the directors and key management personnel of the Company, including their related parties are set out below.

	Balance 30 June 2015	Granted as Remuneration	Net Change Other	Balance 30 June 2016
J Ward	-	-	160,136,808	160,136,808
T Reynolds	-	-	18,419,316	18,419,316
M Canepa	-	-	21,443,874	21,443,874
C Thomas	-	-	-	-
R Tassone	-	-	-	-
Total	-	-	199,999,998	199,999,998

242,380,115 performance rights were issued on 3 February 2015 upon the acquisition of xTV Networks Inc. and were to convert into ordinary shares on a one-for-one basis as follows:

- (i) 48,476,023 if xTV achieves revenue of USD\$500,000 each month for a continuous 3 month period before February 2017 (Milestone 1)
- (ii) 72,714,035 if xTV achieves revenue of USD\$1,000,000 each month for a continuous 3 month period before 3 February 2017 (Milestone 2)
- (iii) 48,476,023 if the xTV share price is AUD\$0.05 or above over a 20 day VWAP period before 3 February 2017 (Milestone 3)
- (iv) 72,714,034 if the xTV share price is AUD\$0.05 or above over a 20 day VWAP period before 3 February 2017 (Milestone 4)

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 4: AUDITOR'S REMUNERATION	2016	2015
	\$USD	\$USD
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	17,120	50,269
- other services	1,635	-
	<u>18,755</u>	<u>50,269</u>

NOTE 5: EARNINGS PER SHARE	2016	2015
	\$USD	\$USD
Reconciliation of earnings to loss	(7,109,127)	(5,780,556)
Earnings used to calculate basic and diluted EPS	(7,109,127)	(5,780,556)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,151,084,887	645,664,438
Basic loss per share (cents per share)	0.0061	0.0089

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year. The dilutive effect of options has not been considered due to the loss used to calculate earnings per share.

NOTE 6: FINANCIAL LIABILITIES	2016	2015
	\$USD	\$USD
Convertible Note *	2,180,000	-
Accrued interest	21,905	-
Employee entitlements	-	104,070
Other liabilities	-	457,813
	<u>2,201,905</u>	<u>561,883</u>

* The Convertible Note was issued on 31 May 2016 for an amount of USD\$2,180,000. In conjunction with the Convertible Note, there were 28,800,000 ordinary shares issued for no consideration and 28,000,000 free options exercisable at \$A0.013 by 30 May 2019.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 7: ISSUED CAPITAL	2016	2015
	\$USD	\$USD
1,212,532,147 (2015: 1,145,582,147) fully paid ordinary shares	15,008,766	15,184,102

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in ordinary shares on issue	Date	No. of Shares	\$USD
Balance at 1 July 2014		4,326,825	674,800
Movement pre 3 February 2015 *		3,520,921	6,288,204
Balance before reverse acquisition	3 Feb 2015	7,847,746	6,963,004
Elimination of existing legal acquire shares	3 Feb 2015	(7,847,746)	-
Shares of legal acquirer at acquisition date	3 Feb 2015	92,133,871	-
Issue of shares on acquisition	3 Feb 2015	650,000,000	1,933,873
Balance after reverse acquisition	3 Feb 2015	742,133,871	8,896,877
Issue of shares under prospectus (\$AUD 0.020 per share)	3 Feb 2015	300,000,000	4,674,600
Issue of shares under prospectus (\$AUD 0.029 per share)	7 May 2015	103,448,276	2,391,300
Share issue costs		-	(778,675)
Balance at 30 June 2015		1,145,582,147	15,184,102
Shares issued under placement	31 May 2016	28,800,000	-
Share based payments	31 May 2016	38,150,000	272,500
Foreign exchange movement		-	(447,836)
Balance at 30 June 2016		1,212,532,147	15,008,766

The movement pre 3 February 2015 represents USD\$3,415,501 fair value liability recorded to equity upon reverse acquisition, USD\$1,872,703 inconvertible notes reclassified from liability to equity and USD\$1,000,000 for shares issued in exchange for services.

Movements in options on issue	No. of Options	Exercise Price	Expiry
Balance as at 30 June 2014	1,175,000		
Balance as at 30 June 2015	1,175,000		
Options expired	(80,000)	AUD\$0.70	28 September 2015
Options expired	(320,000)	AUD\$1.25	15 November 2015
Options expired	(750,000)	AUD\$0.07	30 November 2015
Options issued (16 July 2015)	587,791,073	AUD\$0.02	1 June 2018
Options issued (20 July 2015)	10,000,000	AUD\$0.03	29 April 2018
Options Issued (31 May 2016)	28,000,000	AUD\$0.013	31 May 2019
Balance as at 30 June 2016	625,816,073		

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Notes to the Financial Statements
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NOTE 7: ISSUED CAPITAL (CONTINUED)

No options were issued during the financial year ended 30 June 2015.

Options on issue as at 30 June 2016:

No. of Options	Exercise Price	Expiry
25,000	AUD\$1.25	14 July 2016
587,791,073	AUD\$0.02	1 June 2018
10,000,000	AUD\$0.03	29 April 2018
28,000,000	AUD\$0.013	31 May 2019

NOTE 8: CASH FLOW INFORMATION

	2016	2015
	\$USD	\$USD
Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(7,109,127)	(5,780,556)
Non-cash flows in profit		
Depreciation and amortisation	-	32,591
Foreign exchange differences	(92,295)	29,581
Share based payments	272,500	2,933,873
Provision for diminution in investment	1,574,811	-
Accrued interest expense	21,906	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	109,256	(15,594)
(Increase)/decrease in other assets	-	(363,375)
Increase/(decrease) in liabilities	138,034	(255,314)
Net cash flow used in operating activities	(5,084,915)	(3,418,794)

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 9: RELATED PARTY TRANSACTIONS	2016	2015
	\$USD	\$USD
Amounts receivable from Directors:		
Mr J Ward (resigned 7 July 2016)	56,277	225,231
Mr T Reynolds (resigned 7 July 2016)	1,080	61,748
Mr M Canepa (resigned 10 August 2016)	-	114
Loans written off	(57,357)	-
Balance at the end of the financial year	-	287,093

NOTE 10: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
Subsidiaries of XTV Networks Limited:		2016	2015
xTV Networks Inc.	U.S.A.	100% *	100%

* The Company's wholly owned US subsidiary xTV Networks Inc. entered bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code on 27 October 2016.

NOTE 11: COMMITMENTS AND CONTINGENCIES

	2016	2015
	\$USD	\$USD
Operating lease commitments		
- not later than 12 months	-	79,632
- between 12 months and five years	-	20,054
	-	99,686

The Company's wholly owned US subsidiary xTV Networks Inc. had a leased for an office building in Redwood Shores, California which expired on 30 September 2016.

NOTE 12: SUBSEQUENT EVENTS

The Company's wholly owned US subsidiary xTV Networks Inc. entered bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code on 27 October 2016.

XTV Networks Limited and Controlled Entities
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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 13: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, foreign currency cash at bank, accounts receivable and accounts payable.

The board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst managing potential adverse effects on financial performance. The Company has developed a framework for a risk management policy and internal compliance and control system that covers the organisational, financial and operational aspects of the Group's affairs.

Financial Risk Exposures and Management

The main risk the Company may be exposed to through its financial instruments is liquidity risk.

(a) Interest Rate Risk

A decline in interest rates could materially lower the amount of interest income earned on the Company's cash balance.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid, high security short term investments. The Company's liquidity needs can be met through a variety of sources including the issue of equity instruments.

The Company's financial assets are all expected to mature and settle within 6 months of the end of the financial year. In relation to financial liabilities, the Company is currently in breach of the terms of the Convertible Note issue as detailed in Note 1.

(c) Credit Risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its deposits with banks. The Company controls this credit risk by assessing the credit quality of the institution with which the funds are deposited or invested. Due to its stage of development the Company has no exposure to customer credit risk. The maximum exposure to credit risk at balance date of recognised financial assets is the carrying amount as disclosed in the Statement of Financial Position and notes to the financial statements.

(d) Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value of foreign currency cash assets fluctuating due to movement in foreign exchange rates of currencies in which the Company holds the foreign currency cash.

Financial Instruments

(a) Net Fair Value

For assets and liabilities, the net fair value approximates their carrying value, as disclosed in the Statement of Financial Position.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 13: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest Rate Sensitivity Analysis

The Company does not consider there to be any material exposure to interest rate risk in the year ended 30 June 2016.

(c) Exchange Rate Sensitivity Analysis

The Company does not consider there to be any material exposure to foreign exchange rate risk in the year ended 30 June 2016.

NOTE 14: SHARE BASED PAYMENTS

No equity-settled share-based expenditure has been included in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position other than the share based payments in respect of the reverse acquisition of US\$1,544,323 and the related advisor shares issued of US\$389,550, and US\$1,000,000 in stock issued to a vendor in exchange for services for the year ended 30 June 2016.

The following share-based payment arrangements existed at 30 June 2016:

	Issue Date	Exercise Price	Expiry Date
Other Option Issues			
25,000 employee incentive options	14 Jul 2011	AU\$1.25	14 July 2016

The above options hold no voting or dividend rights and are not transferable. The options lapsed on the expiry date.

The following share-based payment arrangements existed at 30 June 2015 and expired during the financial year without being exercised:

	Issue Date	Exercise Price	Expiry Date
Director Option Issues			
320,000 options	15 Nov 2010	AU\$1.25	15 Nov 2015
Other Option Issues			
80,000 employee incentive options	28 Sep 2010	AU\$0.70	28 Sep 2015
750,000 employee incentive options	30 Nov 2012	AU\$0.07	30 Nov 2015

The options outstanding at 30 June 2015 had a weighted average exercise price of AU\$0.54.

XTV Networks Limited and Controlled Entities
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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 15: PARENT ENTITY DISCLOSURE

There are no parent entity disclosures as at 30 June 2016 due to the Company's wholly owned US subsidiary xTV Networks Inc. entering bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code on 27 October 2016.

In relation to the financial year ended 30 June 2015, the parent entity disclosures are as follows:

	2015 \$USD
Assets	
Current assets	2,764,340
Non-current assets	-
Total assets	<u>2,764,340</u>
Liabilities	
Current liabilities	76,628
Non-current liabilities	-
Total liabilities	<u>76,628</u>
Equity	
Issued capital	3,085,954
Reserves	476,375
Accumulated losses	(874,617)
	<u>2,687,712</u>
Financial Performance	
Loss for the year	(874,617)
Total comprehensive (loss)/income	<u>(874,617)</u>

NOTE 16: CONTINGENT LIABILITIES

Noting the issues the Company has experienced over recent times, and particularly the incomplete historical records available to the current Board of Directors, it remains possible that there may exist contingent liabilities that may have existed pre the appointment of the current Board of Directors and of which the current Board of Directors is unaware. It is noted that given the Company's funding situation, and noting that no contingent creditors had approached the Company, seeking specialist advice on non-pressing matters such as review of Company's records to determine whether any contingent liabilities may exist was not deemed to be the best application of the Company's limited funds.

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Notes to the Financial Statements
For the year ended 30 June 2016

NOTE 16: CONTINGENT LIABILITIES (CONTINUED)

One contingent liability of which the Board of Directors is aware relates to the retention allowance on an insurance policy the Company held. A claim was made against parties insured by that policy (which did not include the Company itself or its current directors) which reacted to the claim. The Company was not in a position to meet the retention allowance of \$US350,000 and accordingly entered into an agreement with the relevant insurer such that should the Company be in a position in future to meet that retention allowance it would do so.

XTV Networks Limited and Controlled Entities
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Directors' Declaration

The directors of the Company declare that:

- a) The financial statements and notes, as set out on pages 16 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board as they apply on a non-going concern basis, the Corporation Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance, changes in equity and their cash flow, for the financial year ended on that date to the extent circumstances outlined in Note 1(b) are taken into account.
- b) The ongoing solvency of the Group is dependent on:
 - (i) the continued support of the secured creditor,
 - (ii) the continued support of the Directors, and
 - (iii) future access to funding
- c) The audited remuneration disclosure set out on pages 9 to 10 of Director's Report does not comply with accounting standard AASB 124 Related Party Disclosures and Corporations Regulations 2001

This declaration has been made after receiving the declaration required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

Without qualifying the above conclusion the Directors draw attention to the basis of preparation of the financial reports set out in Note 1(a) Basis of Preparation.

On behalf of the Directors



Mr Winton Willesee
Chairman

4 July 2018

XTV Networks Limited and Controlled Entities
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Shareholder Information as at 2 July 2018

1. Quotation

Listed securities in xTV Networks Limited are quoted on the Australian Securities Exchange under ASX code XTV (Fully Paid Ordinary Shares).

2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options or Convertible Notes on issue.

3. Distribution of Shareholders

i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	240	105,916	0.01
1,001 – 5,000	234	600,369	0.05
5,001 – 10,000	79	597,853	0.05
10,001 – 100,000	604	32,342,767	2.67
100,001 and above	807	1,178,885,242 ¹	97.23
Total	1964	1,212,532,147	100.00%

¹Holders who hold more than 20% of securities are:

Lindfield Nominee Services Pty Ltd – 309,305,069 shares

On 5 June 2018, there were 944 holders of unmarketable parcels of less than 14,320,176 ordinary shares (based on the closing share price of \$0.008).

XTV Networks Limited and Controlled Entities
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Shareholder Information as at 2 July 2018

ii) Unlisted Options exercisable at \$0.013 on or before 30 May 2019

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	28,000,000 ¹	100.00
Total	1	28,000,000	100.00%

¹Holders who hold more than 20% of securities are:

Bergen Global Opportunity – 28,000,000 options

4. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 5 June 2018 are:

Lindfield Nominee Services Pty Ltd

Holder of: 388,579,413 fully paid ordinary shares, representing 37.29%

Notice received: 27 January 2015

5. Restricted Securities

There are no restricted securities listed on the Company's register as at 5 June 2018.

6. On market buy-back

There is currently no on market buy back in place.

7. Application of funds

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

XTV Networks Limited and Controlled Entities
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Shareholder Information as at 2 July 2018

8. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 5 June 2018 are as follows:

	Name	No. of Shares	%
1	Lindfield Nom SVCS PL	309,305,069	25.51%
2	UST-Global Private Ltd	158,984,159	13.11%
3	BNP Paribas Noms PL	60,650,000	5.00%
4	BNP Paribas Nom PL IB Au Noms Retail C	49,542,185	4.09%
5	Safar Michael	35,000,000	2.89%
6	Wamsley W T + Scully A E	21,732,833	1.79%
7	Valley Inno	14,766,387	1.22%
8	Fountain Wealth	14,753,263	1.22%
9	Laszkiewicz Jakub	9,634,767	0.79%
10	Citicorp Nom PL	9,020,918	0.74%
11	Thomas Chloe	8,333,334	0.69%
12	Kcirtap Sec PL	8,333,333	0.69%
13	Tassone Melissa	8,333,333	0.69%
14	Euthenia Tyche PL	7,442,525	0.61%
15	Castle Lindsay	4,800,000	0.40%
16	Il James V Barnett	4,778,442	0.39%
17	Mistry Poonam	4,712,857	0.39%
18	Williams Kael Joseph	4,000,000	0.33%
19	Hunt Robert Jesse	4,000,000	0.33%
20	Lukins Brian	3,978,580	0.33%
	Total	742,101,985	61.21%

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Corporate Directory

Directors	Mr Winton Willesee (appointed 7 July 2016) Ms Erlyn Dale (appointed 7 July 2016) Mr Harry Hill (appointed 10 August 2016)
Company Secretary:	Ms Erlyn Dale (appointed 7 July 2016)
Registered Office:	Suite 5 CPC, 145 Stirling Highway Nedlands WA 6009 Tel +61 (0)8 9389 3170 Fax +61 (0)8 9389 3199 Email info@azc.com.au
Auditors:	Crowe Horwath Level 5, 45 St Georges Terrace Perth WA 6000 Tel +61 8 9481 1448 Fax +61 8 9481 0152
Share Registry:	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross, WA 6153 Tel +61 8 9628 2200

STOCK EXCHANGE

Australian Stock Exchange (shares suspended)
ASX code: XTV