

XTV Networks Limited
(Subject to Deed of Company Arrangement)
ABN 16 124 251 396

Annual Financial Report

30 June 2018

XTV Networks Limited (Subject to Deed of Company Arrangement)
ABN 16 124 251 396

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XTV Networks Limited (Subject to Deed of Company Arrangement)
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Deed Administrators' Report

The Administrators present their report on the results of XTV Networks Limited for the year ended 30 June 2018.

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 2017. As a result, management have been unable to comply with the requirements of AASB 10 – *Consolidated Financial Statements* and, the financial information in this report reflects XTV Networks Limited (accounting subsidiary) only.

Given the above circumstances and the net asset deficiency of the Company as at 30 June 2018 of AUD\$4,313,297, the Administrators 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 2018 and 30 June 2017 reflect full provisions for the non-recovery of the investment in and loans advanced to xTV Networks Inc.

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.

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
Ms Erlyn Dale
Mr Harry Hill

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.

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Deed Administrators' Report (*continued*)

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)

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

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 directorships (last 3 years): None

Interest in Shares/Options – nil

COMPANY SECRETARY

As at the date of this Report, Ms Erlyn Dale is the Company Secretary.

Deed Administrators' Report (*continued*)

OPERATING AND FINANCIAL RESULTS

As at 30 June 2018 the Company had a net asset deficiency of AUD\$4,313,297. The loss of the Company for the financial year after providing for income tax amounted to AUD\$723,535 (2017: loss of AUD\$704,225).

The Administrators 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 Administrators 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.

On 10 July 2018 the Company appointed Martin Jones and Wayne Rushton as Joint and Several Voluntary Administrators pursuant to section 436A of the Corporations Act 2001.

Following a meeting of creditors held subsequent to the aforementioned appointment, creditors resolved that xTV Networks Limited execute a deed of company arrangements to facilitate a proposal from White Oak Ridge Capital LLC for the recapitalisation and restructure of the Company.

The transaction is subject to the completion of certain conditions precedent, including shareholder approval and once received, would see funds injected into the Company to provide for the effectuation of the deed of company arrangement and the return of control to the directors.

This appointment remains in effect as at the date of this Report.

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.

Deed Administrators' Report (*continued*)

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 director's 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.

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Deed Administrators' Report (continued)

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.

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 2018 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 2018 are set out in the following tables.

There were no share-based payments or options issued to Directors during the financial years ended 30 June 2018 or 30 June 2017. The shareholdings of Directors are detailed in Note 3.

Remuneration for the Directors was as follows:

Financial Year ended 30 June 2018 (\$AUD)				
	Cash Salary & Fees	Non Cash Benefits	Superannuation	Total
W Willesee	-	-	-	-
E Dale	-	-	-	-
H Hill	30,000	-	-	30,000
Total	30,000	-	-	30,000

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Deed Administrators' Report (continued)

The director's fees detailed above in respect of the financial year ended 30 June 2018 have been accrued and no cash payments have been made.

Financial Year ended 30 June 2017 (\$AUD)				
	Cash Salary & Fees	Non Cash Benefits	Superannuation	Total
W Willesee (appointed 7 July 2016)	-	-	-	-
E Dale (appointed 7 July 2016)	-	-	-	-
H Hill (appointed 10 August 2016)	-	-	-	-
J Ward (resigned 7 July 2016) ¹	See Notes below	-	-	-
T Reynolds (resigned 7 July 2016) ¹	See Notes below	-	-	-
M Canepa (resigned 10 August 2016) ¹	See Notes below	-	-	-
Total	-	-	-	-

¹ 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 no financial information available to them with which to adequately disclose their remuneration for the year ended 30 June 2016.

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 paid its entitlements throughout the financial year 2016/17 however has not sought any further payment from 30 June 2017 and has indicated it will not do so until the Company is in a position to meet this obligation.

END OF REMUNERATION REPORT

Deed Administrators' Report (*continued*)

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
W Willesee	3	3
E Dale	3	1
H Hill	3	3

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

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Deed Administrators' Report (*continued*)

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 its compliance and departures from the Recommendations as at 13 December 2018 for the most recent completed financial year being the financial year ended 30 June 2018. 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 13 of the Financial Statements.

Signed in accordance with a resolution of the Deed Administrators of XTV Networks Limited (Subject to Deed of Company Arrangement).



Mr Wayne Rushton
Administrator

13 December 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 (Subject to Deed of Company Arrangement) for the year ended 30 June 2018, 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****CYRUS PATELL**

Partner

Signed at Perth, 13 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XTV NETWORKS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Disclaimer of Opinion

We were engaged to audit the accompanying financial report of XTV Networks Limited (Subject to Deed of Company Arrangement) (the Company), which comprises the statement of financial position as at 30 June 2018, 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 Deed Administrators Declaration of the Company.

We do not express an opinion on the accompanying 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 Administrators have determined that they have no realistic alternative other than to liquidate the operations of the entity. The Administrators 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*.

Deed Administrators Responsibilities

The Administrators 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 Administrators 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 Administrators 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 Administrators either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 5 to 8 of the Deed Administrators Report for the year ended 30 June 2018.

In our opinion, and for the reasons outlined in Note 1 to the financial report, the Remuneration Report of XTV Networks Limited (Subject to Deed of Company Arrangement) for the year ended 30 June 2018 does not comply with section 300A of the *Corporations Act 2001*.

Responsibilities

The Administrators 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



CYRUS PATELL

Partner

Signed at Perth, 13 December 2018

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 \$AUD	2017 \$AUD
Revenue		-	-
Interest income		-	3
Employee benefits expense		(25,892)	(26,808)
Compliance and regulatory expenses		(35,560)	(52,703)
Consultancy and legal expenses		(164,379)	(198,131)
Administration expenses		(17,662)	(53,892)
Interest expense		(438,076)	(372,395)
Foreign exchange losses		(41,966)	(299)
Loss before income tax		(723,535)	(704,225)
Income tax	2	-	-
Loss for the year		(723,535)	(704,225)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		(723,535)	(704,225)
Basic loss per share (cents)	5	(0.0006)	(0.0006)
Diluted loss per share (cents)	5	(0.0006)	(0.0006)

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

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Statement of Financial Position
As at 30 June 2018

	Note	2018 \$AUD	2017 \$AUD
ASSETS			
Current Assets			
Cash and cash equivalents		12,364	53,894
Trade and other receivables		2,613	6,328
Other current assets		8,018	8,018
Total Current Assets		22,995	68,240
TOTAL ASSETS		22,995	68,240
LIABILITIES			
Current Liabilities			
Trade and other payables		(292,125)	(152,455)
Financial Liabilities	6	(4,044,167)	(3,505,547)
Total Current Liabilities		(4,336,292)	(3,658,002)
TOTAL LIABILITIES		(4,336,292)	(3,658,002)
NET ASSETS/(LIABILITIES)		(4,313,297)	(3,589,762)
EQUITY			
Issued capital	7	19,286,515	19,286,515
Reserves		994,710	994,710
Accumulated losses		(24,594,522)	(23,870,987)
TOTAL EQUITY		(4,313,297)	(3,589,762)

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

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Statement of Changes in Equity
For the year ended 30 June 2018

	Issued Capital \$AUD	Option Reserve \$AUD	Accumulated Losses \$AUD	Total Equity \$AUD
Balance at 1 July 2016	19,286,515	994,710	(23,166,762)	(2,885,537)
Comprehensive loss for the year	-	-	(704,225)	(704,225)
Balance at 30 June 2017	19,286,515	994,710	(23,870,987)	(3,589,762)
Balance at 1 July 2017	19,286,515	994,710	(23,870,987)	(3,589,762)
Comprehensive loss for the year	-	-	(723,535)	(723,535)
Balance at 30 June 2018	19,286,515	994,710	(24,594,522)	(4,313,297)

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

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 \$AUD	2017 \$AUD
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3,715	-
Payments to suppliers and employees		(103,814)	(277,291)
Interest received		-	3
Loan funds advanced to subsidiary		-	-
Net cash used in operating activities	8	(100,099)	(277,288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	-
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of options		-	-
Proceeds from borrowings		58,569	304,758
Net cash provided by financing activities		58,569	304,758
Net increase / (decrease) in cash held		(41,530)	27,470
Cash at the beginning of the year		53,894	26,424
Cash at the end of the year		12,364	53,894

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

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

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 did 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 2017. As a result, management were unable to apply the requirements of AASB 10 – *Consolidated Financial Statements* from the accounting year ended 30 June 2017. As such these financial statements relate to XTV Networks Limited only (legal parent/accounting subsidiary).

(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 Australian 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 Administrators have been unable to apply the requirements of AASB 10 - *Consolidated Financial Statements*.

The 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.

(b) Going Concern

As outlined in the Operations Report, a significant number of events occurred prior 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;
- (ii) the material curtailment of the Company's operations in the United States due to the aforementioned Bankruptcy proceedings; and
- (iii) the Company's default under the Convertible Securities Subscription Agreement entered into with Bergen Global Opportunity Fund.

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Notes to the Financial Statements
For the year ended 30 June 2018

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

- (iv) the lack of verifiable financial information available to the Administrators in relation to the financial and operational performance of xTV Networks Inc. during the period 1 July 2016 to the date of bankruptcy and then from the date of Bankruptcy to 30 June 2018.
- (v) On 10 July 2018 the Company appointed Martin Jones and Wayne Rushton as Joint and Several Voluntary Administrators pursuant to section 436A of the Corporations Act 2001. Following a meeting of creditors held subsequent to the aforementioned appointment, creditors resolved that xTV Networks Limited execute a deed of company arrangements to facilitate a proposal from White Oak Ridge Capital LLC for the recapitalisation and restructure of the Company. The transaction is subject to the completion of certain conditions precedent, including shareholder approval and once received, would see funds injected into the Company to provide for the effectuation of the deed of company arrangement and the return of control to the directors. This appointment remains in effect as at the date of this Report.

Given the above circumstances and the net asset deficiency of the Company as at 30 June 2018 of AUD\$4,313,297 the Administrators have concluded that the going concern assumption is not appropriate for the preparation of these accounts.

Based on the above circumstances, the Administrators 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 trade and other payables and provisions

The carrying value of trade payables and provisions of the Company as at 30 June 2018 have been recognised at their contractual amounts payable.

The financial statements record an amount of AUD\$3,683,690 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.

(d) Statement of Compliance with International Financial Reporting Standards

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).

Notes to the Financial Statements
For the year ended 30 June 2018

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

(e) Adoption of New Accounting Standards

New Australian Accounting Standards and interpretations that have been issued and amended but not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2018. In light of the non-going concern basis of preparation the Company has not determined the impact of standards issued yet not effective.

(f) Basis of Consolidation

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 comprise the financial statements of XTV Networks Limited only. ("the Company").

(g) Significant Accounting judgements, estimates and assumptions

The preparation of the financial statements for the reporting year requires the Administrators to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Administrators continually evaluate their judgement and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. The Administrators 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 Administrators 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).

- ***Share-based payment transactions***

The Company 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 incorporating 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 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.

Notes to the Financial Statements
For the year ended 30 June 2018

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

(h) Income Tax

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.

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)

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.

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

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

(j) Impairment of Assets

At the end of each reporting period, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Foreign Currency Transaction Balances

(i) *Functional and Presentation Currency*

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

(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.

(l) Employee Benefits

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.

Notes to the Financial Statements
For the year ended 30 June 2018

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

(m) Provisions

Provisions are recognised when the Company 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.

(n) Cash and Cash Equivalents

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.

(o) Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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).

(p) Borrowing Costs

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.

(q) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company 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.

(r) Comparative Figures

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

Notes to the Financial Statements
For the year ended 30 June 2018

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

(s) Fair Value of Assets and Liabilities

The Company 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 Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. 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.

(t) Trade and other receivables

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 (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Issued Capital

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.

(v) Earnings per share

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.

NOTE 2: INCOME TAX EXPENSE

	2018	2017
	\$AUD	\$AUD
(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 2018 and 30 June 2017 is as follows:		
Accounting loss before tax from continuing operations	723,535	704,225
Accounting loss before income tax	723,535	704,225
At the statutory income tax rate of 30% (2017: 30%)	(217,058)	(211,267)
Deferred assets not brought to account	217,058	211,267
Income tax expense	-	-
(b) Tax balances not brought to account		
Timing differences	344,831	344,831
Tax losses not brought to account	4,654,257	3,930,722
	4,999,088	4,275,553

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Notes to the Financial Statements
For the year ended 30 June 2018

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)

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

	2018	2017
	\$AUD	\$AUD
Short-term employee benefits (Cash & Deferred)	30,000	-
Post-employment benefits	-	-
Share based payments	-	-
Total	30,000	-

- 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 2017	Granted as Remuneration	Net Change Other	Balance 30 June 2018
W Willesee	-	-	-	-
E Dale	-	-	-	-
H Hill	-	-	-	-
Total	-	-	-	-

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 3: DIRECTORS AND KEY MANAGEMENT PERSONNEL COMPENSATION (*continued*)

- c) The number of 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 2017	Granted as Remuneration	Net Change Other	Balance 30 June 2018
W Willesee	-	-	-	-
E Dale	-	-	-	-
H Hill	-	-	-	-
Total	-	-	-	-

NOTE 4: AUDITOR'S REMUNERATION

Remuneration of the auditor of the parent entity for:

- auditing or reviewing the financial statements
- other services

	2018 \$AUD	2017 \$AUD
	15,000	15,000
	-	-
	15,000	15,000

NOTE 5: EARNINGS PER SHARE

Earnings used to calculate basic and diluted EPS

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

Basic loss per share (cents per share)

	2018 \$AUD	2017 \$AUD
	(723,535)	(704,225)
	1,212,532,147	1,212,532,147
	(0.0006)	(0.0006)

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.

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 6: FINANCIAL LIABILITIES	2018 \$AUD	2017 \$AUD
Convertible Note *	2,826,031	2,801,336
Accrued interest	857,659	399,453
Amount payable – xTV Networks Inc	94,727	94,727
Other liabilities	265,750	210,031
	4,044,167	3,505,547

- * 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. The Company is in breach of the terms of the Convertible Note and as at the date of this report the breach had not been remedied or waived.
- * The Convertible Note expired on 29 May 2018. The Administrators are in the opinion that the accounting treatment for this convertible note continued as it was before.

NOTE 7: ISSUED CAPITAL	2018 \$AUD	2017 \$AUD
1,212,532,147 (2017: 1,212,532,147) fully paid ordinary shares	19,286,515	19,286,515

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.

No shares were issued during the financial years ended 30 June 2018 or 30 June 2017.

Movements in options on issue	No. of Options
Balance as at 30 June 2017	625,791,073
Options expired	(597,791,073)
Balance as at 30 June 2018	28,000,000

No options were issued during the financial year ended 30 June 2018.

Options on issue as at 30 June 2018:

No. of Options	Exercise Price	Expiry
28,000,000	\$0.013	31 May 2019

Options expired during the financial year ended 30 June 2018:

No. of Options	Exercise Price	Expiry
587,791,073	\$0.02	1 June 2018
10,000,000	\$0.03	29 April 2018

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 8: CASH FLOW INFORMATION	2018 \$AUD	2017 \$AUD
Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(723,535)	(704,225)
Non-cash flows in profit		
Foreign exchange differences	41,976	-
Share based payments	-	-
Provision for diminution in investment	-	-
Accrued interest expense	438,076	372,395
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	3,715	2,325
(Increase)/decrease in other assets	-	18,610
Increase/(decrease) in liabilities	139,669	33,607
Net cash flow used in operating activities	(100,099)	(277,288)

NOTE 9: FORMER CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
Subsidiaries of XTV Networks Limited:		2018	2017
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. Due to the appointment of the trustee when entering bankruptcy, the Company does not have control over the subsidiary as at 30 June 2018 and accordingly has not been consolidated.

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 10: SUBSEQUENT EVENTS

On 10 July 2018 the Company appointed Martin Jones and Wayne Rushton as Joint and Several Voluntary Administrators pursuant to section 436A of the Corporations Act 2001.

Following a meeting of creditors held subsequent to the aforementioned appointment, creditors resolved that xTV Networks Limited execute a deed of company arrangements to facilitate a proposal from White Oak Ridge Capital LLC for the recapitalisation and restructure of the Company.

The transaction is subject to the completion of certain conditions precedent, including shareholder approval and once received, would see funds injected into the Company to provide for the effectuation of the deed of company arrangement and the return of control to the directors.

This appointment remains in effect as at the date of this Report.

NOTE 11: 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 Company'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.

Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 11: FINANCIAL RISK MANAGEMENT (continued)

(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.

(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 2018.

(c) Exchange Rate Sensitivity Analysis

The Company has financial liabilities denominated in United States Dollars. Due to the Company's deficiency in net assets of AUD\$4,313,297 and the fact that the financial statements have been prepared on a non-going concern basis, no sensitivity analysis has been undertaken as in the opinion of the Directors the Company will be unable to repay the liability.

Other than above, the Company does not consider there to be any material exposure to foreign exchange rate risk in the year ended 30 June 2018.

NOTE 12: 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.

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Notes to the Financial Statements
For the year ended 30 June 2018

NOTE 13: CONTINGENT LIABILITY

Noting the issues that the Company has experienced over recent times, in particular the incomplete historical records available to the Administrators, it remains possible that there may exist contingent liabilities that may have existed pre the appointment of the Administrators and of which the Administrators are unaware.

It is noted that given the Company's funding situation and noting that prior to the appointment of the administrators as detailed in Note 10 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.

One contingent liability of which the Administrators 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.

Effectuation of the deed of company arrangement referred to in Note 10 would result in all contingent liabilities being extinguished.

Deed Administrators' Declaration

On 10 July 2018, the Company entered voluntary administration and on and from that date the Administrators have not been able to perform a formal review of its accounting process and procedures. By necessity the Administrators have had to rely upon the books and records of XTV Networks Limited (Subject to Deed of Company Arrangement) and its subsidiaries, its staff and external service providers in this Report and the financial accounts. All due care has been taken in preparing this Report and financial information however the Administrators cannot give any warranties in relation to the information in this Report.

Subject to the previous paragraph and as set out in Note 1(a) to the financial statements, in the opinion of the Administrators of XTV Networks Limited:

- (a) Although the Administrators have taken all due care in preparing the Report and the financial statements to the best of their knowledge based on the information given to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, are in accordance with the Corporations Act 2001, including as to whether the Report:
 - i) Gives a true and fair view of the financial position of the Company as at 30 June 2018 and of its financial performance for the year ended on that date; and
 - ii) Complies with the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.
- (b) As at the date of this Report, the Administrators do not have reasonable grounds to believe that the Company can pay its debts as and when they become due and payable, subject to the successful implementation of the Deed of Company Arrangement. That is, should the Deed of Company Arrangement be effectuated, there is a likelihood that the Company may be in a position to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the Deed Administrators of XTV Networks Limited (Subject to Deed of Company Arrangement).

Dated at Perth this 13th day of December 2018

Signed by Wayne Rushton in his capacity as Joint and Several Deed Administrator



Wayne Rushton

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Shareholder Information as at 13 December 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 28 October 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 (Subject to Deed of Company Arrangement)
ABN 16 124 251 396

Shareholder Information as at 13 December 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 28 October 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 13 December 2018.

6. On market buy-back

There is currently no on market buy back in place.

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Shareholder Information as at 13 December 2018

7. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 13 December 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%

XTV Networks Limited (Subject to Deed of Company Arrangement)
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Corporate Directory

Deed Administrators	Mr Wayne Rushton Mr Martin Jones
Directors	Mr Winton Willesee Ms Erlyn Dale Mr Harry Hill
Company Secretary:	Ms Erlyn Dale
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:	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000 Tel +61 2 8280 7100 Fax +61 8 9485 1977

STOCK EXCHANGE

Australian Stock Exchange (shares suspended)
ASX code: XTV