



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 2016 to 30 June 2017 • Previous corresponding period: 1 July 2015 to 30 June 2016

2. Results for announcement to the market			
	Key information	Percentage change	Year ended 30 June 2017 \$'000
2.1	Revenues from ordinary activities	Down 100%	-
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	Down 91%	(704)
2.3	Net profit / (loss) for the period attributable to members	Down 91%	(704)
	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 2017 \$	Year ended 30 June 2016 \$
	Ordinary shares	(0.0030)	(0.0019)

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
ABN 16 124 251 396

Annual Financial Report

30 June 2017

XTV Networks Limited
ABN 16 124 251 396

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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'.

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.

XTV Networks Limited
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Directors' Report

Your Directors present their report on the results of XTV Networks Limited for the year ended 30 June 2017.

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 and 30 June 2017. As a result, management have been unable to comply with the requirements of AASB 10 – *Consolidated Financial Statements* and the 30 June 2016 and 30 June 2017 financial reports contain 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 2017 of AUD\$3,589,762, 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 and 30 June 2017 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 2016 are in United States Dollars have not been re-stated to Australian Dollars.

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)

Directors' Report (continued)

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 Eryln 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

Directors' Report (continued)

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 Eryn Dale is the Company Secretary.

OPERATING AND FINANCIAL RESULTS

As at 30 June 2017 the Company had a net asset deficiency of AUD\$3,589,762. The loss of the Company for the financial year after providing for income tax amounted to AUD\$704,225 (2016: consolidated loss of USD\$7,109,127).

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 (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 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.

Directors' 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 2017 the Company did not engage external remuneration consultants.

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Directors' Report (continued)

Details of remuneration

Details of the remuneration of key management personnel of the Company during the year ended 30 June 2017 are set out in the following tables.

Remuneration for the Directors was as follows:

Financial Year ended 30 June 2017 (\$AUD)

	Cash Salary & Fees	Non Cash Benefits	Superannuation	Total
W Willesee (appointed 7 July 2016)	See Notes below	-	-	-
E Dale (appointed 7 July 2016)	See Notes below	-	-	-
H Hill (appointed 10 August 2016)	See Notes below	-	-	-
J Ward (resigned 7 July 2016)*	See Notes below	-	-	-
T Reynolds (resigned 7 July 2016)*	See Notes below	-	-	-
M Canepa (resigned 10 August 2016)*	See Notes below	-	-	-
Total	-	-	-	-

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 or 2017.

There were no share-based payments or options issued to Directors during the financial years ended 30 June 2017 or 30 June 2016. The shareholdings of Directors are detailed in Note 4.

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Directors' Report (continued)

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 Eryln 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.

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	9	9
E Dale	9	9
H Hill	7	7
J Ward	-	-
T Reynolds	-	-
M Canepa	3	3

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS⁰

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.

Directors' Report (continued)

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

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.

Directors' Report (*continued*)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 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.



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 2017, 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, 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 2017, 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 10 of the directors' report for the year ended 30 June 2017.

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 2017 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



CYRUS PATELL

Partner

Signed at Perth, 4 July 2018

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$AUD	2016 \$USD
Revenue		-	362,135
Interest income		3	-
Employee benefits expense		(26,808)	(65,826)
Share-based payment	13	-	(272,500)
Depreciation and amortisation expenses		-	-
Compliance and regulatory expenses		(52,703)	-
Consultancy and legal expenses		(198,131)	(429,085)
Administration expenses		(53,892)	(1,132,528)
Interest expense		(372,395)	(21,906)
Provision for diminution in investment in subsidiary		-	(1,574,818)
Provision for non-recovery of loans to subsidiary		-	(3,891,661)
Other expenses		(299)	(216,044)
Foreign exchange gains / (losses)		-	133,106
Loss before income tax		(704,225)	(7,109,127)
Income tax	2	-	-
Loss for the year		(704,225)	(7,109,127)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year*		(704,225)	(7,109,127)
Basic loss per share (cents)	5	(0.0006)	(0.0061)
Diluted loss per share (cents)	5	(0.0006)	(0.0061)

* 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 2017 and 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives for 2016 are in United States Dollars have not been re-stated to Australian Dollars. Refer to Note 1(a).

XTV Networks Limited
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Statement of Changes in Equity
For the year ended 30 June 2017

	Issued Capital \$USD	Option Reserve \$USD	Accumulated Losses \$USD	Total Equity \$USD
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)

	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)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes. The 2017 and 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives for 2016 are in United States Dollars have not been re-stated to Australian Dollars. Refer to Note 1(a).

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Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 \$AUD	2016 \$USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(277,291)	(1,555,389)
Interest received		3	362,135
Loan funds advanced to subsidiary		-	(3,891,661)
Net cash used in operating activities	8	(277,288)	(5,084,915)
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		-	311,368
Proceeds from borrowings		304,758	2,000,000
Net cash provided by financing activities		304,758	2,311,368
Net increase / (decrease) in cash held		27,470	(2,773,547)
Cash at the beginning of the year		26,424	2,794,547
Cash at the end of the year		53,894	20,563

The above Statement of Cash Flows should be read in conjunction with the accompanying notes. The 2017 and 2016 financial statements have been prepared on a non-going concern basis and are not consolidated, and comparatives for 2016 are in United States Dollars have not been re-stated to Australian Dollars. Refer to Note 1(a).

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Notes to the Financial Statements
For the year ended 30 June 2017

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 and 30 June 2017. As a result, management are unable to apply the requirements of AASB 10 – *Consolidated Financial Statements* for the accounting year ended 30 June 2016 and 30 June 2017. As such the 30 June 2016 and 30 June 2017 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 2016 financial report was presented in United States Dollars and accordingly the 2016 comparative balances have not been re-stated in Australian Dollars.

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 and 30 June 2017 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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (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 2016 to the date of bankruptcy and then from the date of Bankruptcy to 30 June 2017.

Given the above circumstances and the net asset deficiency of the Company as at 30 June 2017 of AUD\$3,589,762 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 subsidiary of the Company. The subsidiary has been deconsolidated due to the loss of control that the Company has over the subsidiary.

As a result of the matters outlined above, the carrying value of the Company's investment in and loans to xTV Network Inc, have been valued at zero as of 30 June 2016 and 30 June 2017.

Carrying value of trade and other payables and provisions

The carrying value of trade payables and provisions of the Company as at 30 June 2017 have been recognised at their contractual amounts payable.

The financial statements record an amount of AUD\$3,200,789 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).

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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 2017. 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 for the year ended 30 June 2016 and 30 June 2017 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 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).

- ***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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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

	2017	2016
	\$AUD	\$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 2017 and 30 June 2016 is as follows:		
Accounting loss before tax from continuing operations	704,225	7,109,127
Accounting loss before income tax	704,225	7,109,127
At the statutory income tax rate of 30% (2016: 30%)	(211,267)	(2,132,738)
Deferred assets not brought to account	211,267	(2,132,738)
Income tax expense	-	-
(b) Tax balances not brought to account		
Timing differences	344,831	344,831
Tax losses not brought to account	3,930,722	3,719,455
	4,275,553	4,064,286

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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 Eryln 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)

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

	2017	2016
	\$AUD	\$USD
Short-term employee benefits (Cash & Deferred)	-	62,200
Post-employment benefits	-	5,800
Share based payments	-	-
Total	-	68,000

- 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 2016	Granted as Remuneration	Net Change Other	Balance 30 June 2017
W Willesee	-	-	-	-
E Dale	-	-	-	-
H Hill	-	-	-	-
J Ward	238,618,698	-	-	238,618,698
T Reynolds	7,964,070	-	-	7,964,070
M Canepa	298,253	-	-	298,253
Total	246,881,021	-	-	246,881,021

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

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 2016	Granted as Remuneration	Net Change Other	Balance 30 June 2017
W Willesee	-	-	-	-
E Dale	-	-	-	-
H Hill	-	-	-	-
J Ward	119,177,770	-	-	119,177,770
T Reynolds	3,982,035	-	-	3,982,035
M Canepa	149,326	-	-	149,326
Total	123,309,131	-	-	123,309,131

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 2016	Granted as Remuneration	Net Change Other	Balance 30 June 2017
W Willesee	-	-	-	-
E Dale	-	-	-	-
H Hill	-	-	-	-
J Ward	160,136,808	-	(160,136,808)	-
T Reynolds	18,419,316	-	(18,419,316)	-
M Canepa	21,443,874	-	(21,443,874)	-
Total	199,999,998	-	(199,999,998)	-

All performance rights lapsed during the financial year.

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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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

NOTE 4: AUDITOR'S REMUNERATION	2017	2016
	\$AUD	\$USD
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	15,000	17,120
- other services	-	1,635
	15,000	18,755

NOTE 5: EARNINGS PER SHARE	2017	2016
	\$AUD	\$USD
Earnings used to calculate basic and diluted EPS	(704,225)	(7,109,127)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,212,532,147	1,151,084,887
Basic loss per share (cents per share)	(0.0006)	(0.0061)

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	2017	2016
	\$AUD	\$USD
Convertible Note *	2,801,336	2,180,000
Accrued interest	399,453	21,905
Amount payable – xTV Networks Inc	94,727	-
Other liabilities	210,031	-
	3,505,547	2,201,905

* 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.

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

NOTE 7: ISSUED CAPITAL	2017	2016
	\$AUD	\$USD
1,212,532,147 (2016: 1,212,532,147) fully paid ordinary shares	19,286,515	15,008,766

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	No. of Shares	\$USD
Balance at 1 July 2016	1,212,532,147	15,008,766

Balance at 30 June 2017	No. of Shares	\$AUD
	1,212,532,147	19,286,515

Movements in options on issue	No. of Options	Exercise Price	Expiry
		\$AUD	
Balance as at 30 June 2016	625,816,073		
Options expired	(25,000)	\$1.25	14 July 2016
Balance as at 30 June 2017	625,791,073		

No options were issued during the financial year ended 30 June 2017.

NOTE 8: CASH FLOW INFORMATION	2017	2016
	\$AUD	\$USD
Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(704,225)	(7,109,127)
Non-cash flows in profit		
Foreign exchange differences	-	(92,295)
Share based payments	-	272,500
Provision for diminution in investment	-	1,574,811
Accrued interest expense	372,395	21,906
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	2,325	109,256
(Increase)/decrease in other assets	18,610	-
Increase/(decrease) in liabilities	33,607	138,034
Net cash flow used in operating activities	(277,288)	(5,084,915)

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

NOTE 9: RELATED PARTY TRANSACTIONS	2017	2016
Amounts receivable from former Directors:	\$AUD	\$USD
Mr J Ward (resigned 7 July 2016)	-	56,277
Mr T Reynolds (resigned 7 July 2016)	-	1,080
Provision for non-recovery	-	(57,357)
Balance at the end of the financial year	-	-

NOTE 10: CONTROLLED ENTITIES

Subsidiaries of XTV Networks Limited:	Country of Incorporation	Percentage Owned	
		2017	2016
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 2017 and accordingly has not been consolidated.

NOTE 11: 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.

Given the appointment of the Trustee, the Company's has considered the loss of control over the subsidiary and as a result the subsidiary will be deconsolidated. The retained interest in the subsidiary will be carried as a financial instrument and be recognised at fair value. The fair value has been determined as zero, and the loss has been recognised in the profit or loss for the year. Given the nature of the event and the effect it has on the results of the Company, the subsequent event has been treated as an adjusting subsequent event to show the impact on the 30 June 2016 financial statements.

NOTE 12: 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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

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.

(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 2017.

(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\$3,589,762 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.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

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 2017.

NOTE 13: 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.

NOTE 14: CONTINGENT LIABILITY

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.

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
ABN 16 124 251 396

Directors' Declaration

The directors of the Company declare that:

- a) The financial statements and notes, as set out on pages 13 to 32 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 Company's financial position as at 30 June 2017 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 Company 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 page 8 and 9 of Director's Report 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 2017.

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

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).

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
ABN 16 124 251 396

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%

XTV Networks Limited
ABN 16 124 251 396

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
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Email info@azc.com.au

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Tel +61 8 9481 1448
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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