

## Connexion Telematics Ltd (Formally Connexion Media Limited)

### Appendix 4D

### Half-year report

#### 1. Company details

Name of entity:	Connexion Telematics Ltd (Formally Connexion Media Limited)
ABN:	68 004 240 313
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

#### 2. Results for announcement to the market

					\$
Revenues from ordinary activities	down	46%	to		524,822
Loss from ordinary activities after tax attributable to the owners of Connexion Telematics Ltd	down	124%	to		(267,026)
Loss for the half-year attributable to the owners of Connexion Telematics Ltd	down	124%	to		(267,026)

#### Comments

The loss for the consolidated entity after providing for income tax amounted to \$267,026 (31 December 2017 profit: \$926,174).

Total revenues from ordinary activities for the period were \$524,822 (2017: \$978,967). The consolidated entity also recognised \$406,948 in R&D tax incentive amounts receivable during the half-year period (2017: \$1,522,074).

The working capital position of the Company at 31 December 2018 was a surplus of \$310,486, which was an increase from a deficiency of \$207,769 at 30 June 2018.

Please refer to the operations update contained within the Directors Report for further details.

#### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.04</u>	<u>0.05</u>

#### 4. Control gained over entities

Not applicable.

#### 5. Loss of control over entities

Not applicable.

#### 6. Dividends

##### Current period

There were no dividends paid, recommended or declared during the current financial period.

##### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Connexion Media Inc is incorporated in the United States of America. The accounting for this entity is in compliance with Australian Accounting Standards.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Year Financial Report.

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**11. Attachments**

*Details of attachments (if any):*

The Half-Year Financial Report of Connexion Telematics Ltd for the half-year ended 31 December 2018 is attached.

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**12. Signed**

Signed  \_\_\_\_\_

Mark V Caruso  
Chairman

Date: 28 February 2019

**Connexion Telematics Ltd (Formally Connexion Media Limited)**

**ABN 68 004 240 313**

**Half-Year Financial Report - 31 December 2018**

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**Connexion Telematics Ltd (Formally Connexion Media Limited)**

**Corporate directory**

**31 December 2018**

Directors	Mark Caruso (Non-Executive Chairman) Aaryn Nania (Non-Executive Director) Robert Downey (Non-Executive Director)
Company secretary	Peter Torre
Registered office	Level 1, 11-19 Bank Place Melbourne, VIC 3000
Principal place of business	Level 1, 11-19 Bank Place Melbourne, VIC 3000
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: +61 2 9290 9600
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Bankers	Commonwealth Banking Corporation Limited
Stock exchange listing	Connexion Telematics Ltd shares are listed on the Australian Securities Exchange (ASX code: CXZ)
Website	<a href="http://www.connexionltd.com.au">www.connexionltd.com.au</a>

## **Connexion Telematics Ltd (Formally Connexion Media Limited)**

### **Directors' report**

**31 December 2018**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Connexion Telematics Ltd (Formally Connexion Media Limited) (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

#### **Directors**

The following persons were directors of Connexion Telematics Ltd during the half year and up to the date of this report unless otherwise stated,

Mark Caruso (Non-Executive Chairman)

David Connolly (Executive Director) – resigned 28 September 2018

Robert Downey (Non-Executive Director)

Aaryn Nania (Non-Executive Director) – appointed 19 September 2018

#### **Principal activities**

During the financial half-year the principal activities of the consolidated entity consisted of:

- carrying out its endeavours to realise revenue streams from its two core products, General Motors OnTRAC and General Motors Commercial Link.

#### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$267,026. (31 December 2017 profit: \$926,174).

Total revenues from ordinary activities for the period were \$524,822 (2017: \$978,967). The consolidated entity also recognised \$406,948 in R&D tax incentive amounts receivable during the half-year period (2017: \$1,522,074). There was an overall decrease in employment costs and operating activities during the period, following an increase in amortisation relating to the company's R&D activities.

The net assets of the consolidated entity increased during the half-year by \$681,861 to a net asset surplus of \$1,084,387. The improvement in the net assets was a result of operational performance, and further development of our intellectual properties.

## **Connexion Telematics Ltd (Formally Connexion Media Limited)**

### **Directors' report**

**31 December 2018**

#### **Operational update:**

The company has maintained a focus on developing OnTRAC software within tight timing and rigorous cost control. Key achievements in the last 6 months have been delivering OnTRAC software for General Motors (GM), realising revenues and project progress with key clients and maintaining an appropriate level of headcount through the period.

#### **General Motors OnTRAC**

GM formally launched the OnTRAC program for their 3400+ dealers to manage and maintain CTP (Courtesy Transportation Program) and CTA (Cadillac Courtesy Transportation Alternative) vehicles. CXZ has over 69,905 registrations for OnTRAC to date. OnTRAC, B2B fleet management software enables GM to manage dealer demonstrator vehicles to support their service and customer care processes under the CPT and CTA delivering a range of benefits to GM's US based dealers.

From product perspective, given OnTRAC is a SaaS system, the company will continue to improve and add more customer requested features in support of the dealer user base. This user base provides a foundation for continuing enhancement of OnTRAC to meet growing customer needs.

#### **General Motors Commercial Link**

The Company's revenue share project with GM to deliver the Commercial Link programs to fleet managers has grown as direct result of the GM OnTRAC dealer exposure. CXZ has enjoyed growth in the subscription base. The growth of CL has increased vehicles subscription by 60%.

From a product adoption perspective in the United States territory the company has seen an increase in fleet manager using the tool, from 2547 vehicle subscriptions in June 2018 to 4061 vehicle subscriptions in December 2018. The effort from GM to promote Commercial Link alongside the OnTRAC promotion activities has driven the increase in subscriptions.

#### **Outlook:**

As it relates to the GM relationship the company anticipates growth due to the OnTRAC program launch and leveraging the OnTRAC platform to provide Application Programming interface connectivity with other dealer business processes.

The company will continue to seek other opportunities to compliment the revenue portfolio that falls into a Software as a Service operating model.

## **CORPORATE**

### *Board Changes*

The following changes to the board of directors have occurred since the publication of the 30 June 2018 Annual Financial Statements.

David Connolly (Executive Director) – resigned 28 September 2018

Aaryn Nania (Non-Executive Director) – appointed 19 September 2018

The company issued 109.8 million new fully paid ordinary shares at \$0.006 per share (Placement) to raise up to \$658,201 before costs. The Placement was made to sophisticated and professional investors, including existing shareholders, under the Company's 15% placement capacity. The funds were used for working capital to assist the Company during the development of the OnTrac software program.

On 11 December 2018 the Company announced a share sale facility for holders of less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities with a market value of less than A\$500.

**Connexion Telematics Ltd (Formally Connexion Media Limited)**

**Directors' report**

**31 December 2018**

**Significant changes in the state of affairs**

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Events after the reporting period**

On 10 January 2018, the consolidated entity received the 2018 Research and Development Rebate (R&D Rebate) of \$406,948.

On 1 February 2018, \$150,000 in respect of the other secured loan was re-paid. The remaining balance of \$150,000 will be settled in May 2018.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Mark V Caruso  
Chairman

28 February 2019

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CONNEXION TELEMATICS LTD (FORMALLY CONNEXION MEDIA LIMITED)**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

*AL*

**J. C. Luckins**  
Director

Dated this 28<sup>th</sup> day of February, 2019

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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Melbourne VIC 3000

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**Connexion Telematics Ltd (Formally Connexion Media Limited)**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	Note	Consolidated 31 December 2018 \$	31 December 2017 \$
<b>Sales revenue</b>		524,822	978,967
R&D tax incentive		406,948	1,522,074
<b>Expenses</b>			
Cloud software expenses		(68,484)	-
Research and development costs		-	(60,016)
Amortisation of intangible assets		(152,545)	(108,304)
Administrative and corporate expenses		(342,051)	(109,690)
Director and employee benefits expense		(471,050)	(244,434)
Marketing expenses		(5,545)	(10,278)
Travelling expenses		(91,021)	(24,386)
Finance costs		(27,600)	(780,606)
Occupancy		(40,500)	(54,534)
<b>Profit/(loss) before income tax expense</b>		<b>(267,026)</b>	<b>1,108,793</b>
Income tax expense		-	(182,619)
<b>Profit/(loss) after income tax expense for the half-year attributable to the owners of Connexion Telematics Limited</b>		<b>(267,026)</b>	<b>926,174</b>
Other comprehensive expense for the half-year, net of tax		24,686	(5,495)
<b>Total comprehensive profit/(loss) for the half-year attributable to the owners of Connexion Telematics Limited</b>		<b>(242,320)</b>	<b>920,679</b>
		<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	8	(0.033)	0.58
Diluted profit/(loss) per share	8	(0.033)	0.25

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Connexion Telematics Ltd (Formally Connexion Media Limited)**  
**Consolidated statement of financial position**  
**As at 31 December 2018**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
<b>Note</b>	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	235,565	168,052
Trade and other receivables	342,715	198,909
Tax rebate receivable	406,948	-
Inventory	21,962	21,961
Other assets	23,952	36,666
<b>Total current assets</b>	<b>1,031,142</b>	<b>425,588</b>
<b>Non-current assets</b>		
Capitalised development asset	768,571	606,647
Plant and equipment	5,330	3,648
<b>Total non-current assets</b>	<b>773,901</b>	<b>610,295</b>
<b>Total assets</b>	<b>1,805,043</b>	<b>1,035,883</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	372,114	325,171
Employee benefits	48,542	8,186
Borrowings	300,000	300,000
<b>Total current liabilities</b>	<b>720,656</b>	<b>633,357</b>
<b>Total liabilities</b>	<b>720,656</b>	<b>633,357</b>
<b>Net assets</b>	<b>1,084,387</b>	<b>402,526</b>
<b>Equity</b>		
Issued capital and options	4 16,406,740	15,748,539
Accumulated losses	(15,645,080)	(15,378,054)
Reserves	322,727	32,041
<b>Total equity</b>	<b>1,084,387</b>	<b>402,526</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Connexion Telematics Ltd (Formally Connexion Media Limited)**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2018**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity / (deficiency) \$</b>
<b>Balance at 1 July 2017</b>	<b>9,363,046</b>	<b>-</b>	<b>(15,707,817)</b>	<b>(6,344,771)</b>
Profit after income tax expense for the half-year	-	-	926,174	926,174
Other comprehensive loss for the half-year, net of tax	-	(5,495)	-	(5,495)
<b>Total comprehensive income / (loss) for the half-year</b>	<b>-</b>	<b>(5,495)</b>	<b>926,174</b>	<b>920,679</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares from conversion of convertible notes	6,232,609	-	-	6,232,609
Issue of shares from placement	5,000	-	-	5,000
Issue of shares from new issue	1,300	-	-	1,300
Transaction costs	(5,500)	-	-	(5,500)
<b>Balance at 31 December 2017</b>	<b>15,596,455</b>	<b>(5,495)</b>	<b>(14,781,643)</b>	<b>809,317</b>

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2018</b>	<b>15,748,539</b>	<b>32,041</b>	<b>(15,378,054)</b>	<b>402,526</b>
Profit after income tax expense for the half-year	-	-	(267,026)	(267,026)
Other comprehensive loss for the half-year, net of tax	-	24,686	-	24,686
<b>Total comprehensive income / (loss) for the half-year</b>	<b>-</b>	<b>24,686</b>	<b>(267,026)</b>	<b>(242,340)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares (note 4a)	658,201	-	-	658,201
Issue of share based payments (note 9)	-	266,000	-	266,000
<b>Balance at 31 December 2018</b>	<b>16,406,740</b>	<b>322,727</b>	<b>(15,645,080)</b>	<b>1,084,387</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**Connexion Telematics Ltd (Formally Connexion Media Limited)**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	381,016	929,539
Payments to suppliers and employees	(639,383)	(1,356,485)
Interest received	1,449	-
	<u>381,016</u>	<u>929,539</u>
<b>Net cash used in operating activities</b>	<b>(256,918)</b>	<b>(426,946)</b>
<b>Cash flows from investing activities</b>		
Payments for capitalised development	(314,472)	-
Proceeds from disposal of PPE	-	5,080
	<u>(314,472)</u>	<u>5,080</u>
<b>Net cash provided by investing activities</b>	<b>(314,472)</b>	<b>5,080</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	658,201	6,300
Proceeds from borrowings	-	400,000
Finance costs on borrowings	(22,500)	(16,188)
	<u>635,701</u>	<u>390,112</u>
<b>Net cash from financing activities</b>	<b>635,701</b>	<b>390,112</b>
Net increase / (decrease) in cash and cash equivalents	64,311	(31,754)
Cash and cash equivalents at the beginning of the financial half-year	168,052	367,194
Effect of movements in foreign exchange	3,202	(60,072)
	<u>235,565</u>	<u>275,368</u>
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>235,565</b>	<b>275,368</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Connexion Telematics Ltd (Formally Connexion Media Limited)**

**Notes to the consolidated financial statements**

**31 December 2018**

**Note 1. General information**

The financial statements cover Connexion Telematics Ltd (Formally Connexion Media Limited) (the Company) as a consolidated entity and the entities it controlled at the end of, or during, the period (the consolidated entity). The financial statements are presented in Australian dollars, which is the functional and presentation currency of all entities in this consolidated entity.

Connexion Telematics Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 11-19 Bank Place  
Melbourne, VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on the date of signing the Directors' Declaration, which forms part of this report.

## **Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### **New, revised or amending Accounting Standards and Interpretations adopted**

#### **AASB 15 Revenue from Contracts with Customers ("AASB 15")**

The consolidated entity has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transition provisions in AASB 15 the standard has been applied using the modified retrospective approach. On this basis there were no restatements of prior comparative balances.

AASB 15 supersedes *AASB 118 – Revenue*, *AASB 111 Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless these contracts are in scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under *AASB 15 Revenue* is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 30 June 2018 all material contracts were assessed by the consolidated entity and it was determined that the adoption of AASB 15 had no significant impact on the consolidated entity. The updated accounting policy for revenue has been disclosed below.

#### **AASB 9 Financial Instruments ("AASB 9")**

The consolidated entity has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces *AASB 139 Financial Instruments: Recognition and Measurement* ("AASB 139"), bringing together all three aspects of the accounting for financial instruments: clarification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 below.

**Measurement and classification**

At the date of initial application, existing financial assets and liabilities of the consolidated entity were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been de-recognised as at 1 July 2018. In this regard the consolidated entity has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

<b>Class of financial instrument presented in the statement of financial position</b>	<b>Original measurement category under AASB 9 (i.e. prior to 1 July 2018)</b>	<b>New Measurement category under AASB 9 (i.e. from 1 July 2018)</b>
Cash and cash equivalents	Loans and receivables	Financial asset at amortised cost
Trade and other receivables	Loans and receivables	Financial asset at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing liabilities	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018.

**Impairment of financial assets**

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the consolidated entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. AASB 9 requires the consolidated entity to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the consolidated entity is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

At 1 July 2018, the consolidated entity reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the consolidated entity concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the consolidated entity recognises lifetime ECL. The result of the assessment is as follows;

<b>Items existing at 1 July 2018 that are subject to the impairment provisions of AASB 9</b>	<b>Credit risk attributes</b>	<b>Cumulative additional loss allowance required on 1 July 2018</b>
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.	-
Trade receivables	The consolidated entity applied the simplified approach and concluded that the lifetime ECL would be negligible on receivable balances not already provided for and therefore no loss allowance was required at 1 July 2018.	-

**(b) Changes in accounting policies**

Other than the policies described below there have been no changes in accounting policies during the half-year ended 31 December 2018.

**Revenue Recognition**

The consolidated entity recognised revenue as follows;

**Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity identifies the contract with a customer; identifies the performance obligations in the contract; determine the transaction price, which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognise revenue when each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration with the transaction price, if any, reflects concessions provided to the customer such as discounts, any potential add ons or bonuses from the customer and any other contingent events. Such estimates are determined using either the “expected value” or “most likely amount” method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate liability.

**Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally the time of delivery.

**Rendering of services**

Revenue from a contract to provide service is recognised over time as the service is rendered based on either a fixed price or an hourly rate.

**Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for the financial assets at fair value through the profit and loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets are derecognised when the right to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset its carrying value is written off.



### **Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity made a loss for the period of \$267,026 (2017: profit of \$926,174) and achieved total revenues for the period were \$931,770 (2017: \$2,501,042). The decrease in revenue during the period was a result of the R&D tax incentive receivable amounting to \$406,948 being accounted for in the half-year period (2017: \$1,522,074) as a result of the decrease in R&D activities undertaken. There was a decrease in sales revenue to \$524,822 (2017: \$978,967). The working capital position of the Consolidated Entity at 31 December 2018 was a surplus of \$310,486, which was increased from a deficiency of \$207,769 at 30 June 2018. Cash and cash equivalents at 31 December 2018 were \$235,565 (30 June 2018: \$168,052).

The consolidated entity's working capital position was also improved following 109,360,000 fully paid ordinary shares being issued at \$0.006 per share.

The Directors have prepared a cash flow forecast for a period of at least 12 months from the date of this report for the purpose of ensuring the consolidated entity can meet its debts as and when they fall due. The forecast indicates that current cash reserves coupled with the generation of sales revenue, the confirmed receipt of the research and development incentive grant are sufficient to cover forecast cash outflows for a period of at least 12 months from the date of this report.

Accordingly, the financial report has been prepared on the going concern basis based on the ability of the consolidated entity to achieve sufficient cash inflows from sales and raise further equity, where necessary, to fund working capital

Furthermore, strategies undertaken since the previous financial year resulted in a decrease in its operating expenditure, improved operational performance, and an increase in the intellectual properties developed by the company.

### **Note 3. Operating segments**

#### *Identification of reportable operating segments*

During the period ended 31 December 2018 the consolidated entity operated in one segment, specialising in developing global information technology solutions for the automotive industry.

**Connexion Telematics Ltd (Formally Connexion Media Limited)**  
**Notes to the consolidated financial statements**  
**31 December 2018**

**Note 4a. Equity - issued capital**

	Consolidated			
	31 Dec 2018 Number	30 Jun 2018 Number	31 Dec 2018 \$	30 Jun 2018 \$
Ordinary shares - fully paid	842,165,112	732,805,112	16,406,740	15,748,539
Share options*	-	7,133,617	-	-
	<u>842,165,112</u>	<u>739,938,729</u>	<u>16,406,740</u>	<u>15,748,539</u>

*Movements in ordinary share capital*

Details	Date	#	Issue price	\$
<b>Balance</b>	<b>1 July 2018</b>	<b>732,805,112</b>		<b>15,748,539</b>
Issue of Shares	11 September 2018	109,360,000	0.006	658,201
<b>Balance</b>	<b>31 December 2018</b>	<u><b>842,165,112</b></u>		<u><b>16,406,740</b></u>

\*Free attaching share options expired on 6 July 2018.

**Note 4b Equity Reserves**

	31 Dec 2018 \$	30 Jun 2018 \$
Foreign currency translation reserve	56,727	32,041
Share based payments reserve	266,000	-
	<u><b>322,727</b></u>	<u><b>32,041</b></u>

**Note 5. Contingent liabilities**

There are no contingent liabilities as at 31 December 2018.

**Note 6. Fair value measurement**

The fair value of the consolidated entity's financial assets and financial liabilities approximates the carrying values

**Note 7. Events after the reporting period**

On 10 January 2018, the consolidated entity received the 2018 Research and Development Rebate (R&D Rebate) of \$406,948.

On 1 February 2018, \$150,000 in respect of the borrowings was re-paid. The remaining balance of \$150,000 will be settled in May 2018.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Connexion Telematics Ltd (Formally Connexion Media Limited)**  
**Notes to the consolidated financial statements**  
**31 December 2018**

**Note 8. Profit/(loss) per share**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Connexion Telematics Limited	<u>(267,026)</u>	<u>926,174</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	<u>799,966,416</u>	<u>158,599,507</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>799,966,416</u>	<u>652,519,298</u>
	<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	(0.033)	0.58
Diluted profit/(loss) per share	(0.033)	0.25

The options held by option holders were not included in the weighted average number of ordinary shares used in calculating dilutive earnings per share as they did not meet the requirements for inclusion as outlined in AASB 133 "Earnings per Share".

**Note 9. Share-based payments**

During the year, the Company has granted the following share-based payment:

- 30,000,000 Performance Rights issued, as approved by the shareholders at the 2018 Annual General Meeting; and
- 8,000,000 Performance Rights issued pursuant to the Performance Rights Plan, as approved by the shareholders at the 2018 Annual General Meeting.

For the Performance Rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
26/11/2018	26/11/2023	\$0.006	\$0.08	100.00%	-	2.00%	\$0.007

A total share-based payment expense of \$266,000 has been recognised in relation to the above Performance Rights issued.

**Connexion Telematics Ltd (Formally Connexion Media Limited)**

**Directors' declaration**

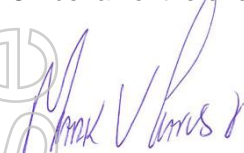
**31 December 2018**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Mark V Caruso  
Chairman

28 February 2019

## Connexion Telematics Ltd (Formally Connexion Media Limited)

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Connexion Telematics Ltd (formally Connexion Media Limited) (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Connexion Telematics Ltd (formally Connexion Media Limited) is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Company incurred a net loss for the period of \$267,026 during the half-year ended 31 December 2018. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

CHARTERED ACCOUNTANTS  
& ADVISORS

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Melbourne VIC 3000

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### **Auditor's Responsibilities for the Review of the Half-Year Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of Connexion Telematics Ltd (formally Connexion Media Limited), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

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

A handwritten signature in blue ink that reads "William Buck".

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

A handwritten signature in blue ink that reads "J. C. Luckins".

**J. C. Luckins**  
Director

Dated this 28<sup>th</sup> day of February, 2019

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