

Connexion Media Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Connexion Media Limited
 ABN: 68 004 240 313
 Reporting period: For the half-year ended 31 December 2015
 Previous period: For the half-year ended 31 December 2014

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	491.6% to	120,774
Loss from ordinary activities after tax attributable to the owners of Connexion Media Limited	down	22.2% to	(3,258,032)
Loss for the half-year attributable to the owners of Connexion Media Limited	down	22.2% to	(3,258,032)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$3,258,032 (31 December 2014: \$4,189,152).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.69)</u>	<u>0.43</u>

4. Control gained over entities

Name of entities (or group of entities) Not Applicable

Date control gained

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)

-

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)

-

5. Loss of control over entities

Name of entities (or group of entities) Not Applicable

Date control lost

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)

-

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)

-

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.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

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.

11. Attachments

Details of attachments (if any):

The Half-Year Financial Report of Connexion Media Limited for the half-year ended 31 December 2015 is attached.

12. Signed

Signed



Date: 29 February 2016

George Parthimos
Managing Director

Connexion Media Limited

ABN 68 004 240 313

Half-Year Financial Report - 31 December 2015

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Connexion Media Limited

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31 December 2015

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Connexion Media Limited
Corporate directory
31 December 2015

Directors

George Parthimos (Managing Director)
John Conomos (Chairman and Non-executive Director)
Sean Habgood (Non-executive Director)
Ashley Kelly (Executive Director)
Eric Jiang (Executive Director)

Company secretary

George Karafotias

Registered office

Level 3, 600 St Kilda Road
Melbourne, VIC 3000

Principal place of business

Level 3, 600 St Kilda Road
Melbourne, VIC 3000

Share register

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Auditor

William Buck Audit (VIC) Pty Ltd
Level 20, 181 William Street
Melbourne VIC 3000

Bankers

Commonwealth Banking Corporation Limited

Stock exchange listing

Connexion Media Limited shares are listed on the Australian Securities Exchange
(ASX code: CXZ)

Website

www.connexionmedia.com.au

Connexion Media Limited
Directors' report
31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of 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 2015.

Directors

The following persons were directors of Connexion Media Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

George Parthimos (Managing Director)
John Comonos (Chairman and Non-executive Director)
Sean Habgood (Non-executive Director)
Ashley Kelly (Executive Director)
Eric Jiang (Executive Director)

Principal activities

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

- Carrying out its endeavours to realise revenue streams from its two core products miRomer and Flex.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,258,032 (31 December 2014: \$4,189,152).

Flex

During the half year, Connexion grew its Flex product subscriber base, as well as reporting substantial commercial progress for its Flex product.

Connexion worked closely with General Motors ('GM') to develop and test "GM Commercial Link". GM exhibited Commercial Link at the Consumer Electronics Show at the start of the year and is preparing for product launch to its small fleet customers via its network of over 4,000 dealers across the US in the coming months.

The Company also made commercial progress in Australia, signing a three-year white label distribution contract with leading fuel card provider WEX Australia to make its Flex technology available to 10,000 fuel card holders in Victoria, Australia under an initial pilot program.

In anticipation of these two product launches (Commercial Link and WEX Australia), the Company executed an investment program to expand its IT infrastructure and support staff levels to increase its Flex user capacity from 25,000 vehicles to up to one million vehicles.

The Company is also conducting Flex trials with nine automaker and aftermarket manufacturers in USA, Europe, including GM Holden in Australia.

In addition, Connexion signed two other distribution agreements for Flex, reaching business to business channels in Europe through a new contract with Lemonworx and accessing the Australian retail market through a new contract with KE Tech.

miRoamer

It continued to make commercial progress, signing a worldwide distribution agreement to make its miRoamer music and radio service available to millions of new and existing Ford vehicles through the automaker's SYNC infotainment system.

In addition, Connexion launched its miRoamer iOS Flex App in the Apple App Store, making it easily available for the consumer market and strengthening the value of the Company's miRoamer data analytics revenue stream which is expected to start generating revenue later in 2016.

Following the close of the period, the Company signed a content access agreement with global music streaming company, Rhapsody. This new content significantly increases the amount of content available for Connexion's partners to integrate into their customised miRoamer services, increasing the potential value of its license fees as well as generating improved customisations fees.

In order to service its major US partner, GM, as well as build further partnerships with other major US automakers, Connexion established a new US subsidiary company, Connexion Media Inc. during the half year period. Mr Junior Barrett, former GM Global New Business Development Manager, was appointed as Executive Vice President to head up the Company's US operations. Connexion also opened a new US office during the period, in the key auto industry location of Detroit USA.

In addition, the Company also opened two new outsourced offices in Seattle USA and Kochi (India), joining its established offices in Melbourne, Australia and Cambridge, UK.

As part of the Company's US commercialisation strategy and to support its commercial partners, Connexion doubled staff numbers to reach around 60 employees and appointed a Technology Manager, based in Melbourne.

Outlook

Connexion is expecting Flex subscriber numbers to increase substantially in H2 FY16 due to the two major Flex partner product launches by WEX Australia and GM that are anticipated in the coming weeks and months.

Due to Connexion's high profile in the auto industry as a leading connected car software developer, along with its strong traction with leading auto industry players, the Company is positive it can continue to build on its growth momentum and looks forward to reporting the outcomes of its nine ongoing trials with automakers (including GM Holden in Australia) and aftermarket OEMs across the globe.

Significant changes in the state of affairs

During the half-year period, the Company issued 50,000 fully paid ordinary shares as a Conversion of Options at an issue price of \$0.20 (20 cents) per share raising \$10,000 before costs dated 09 December 2015.

On 18 December 2015, the Company issued 550,000 fully paid ordinary shares at an issue price \$0.20 (20 cents) per share as a Conversion of Options, raising \$110,000 before costs.

On 29 December 2015, the Company issued 1,211,505 fully paid ordinary shares at an issue price of \$0.20 (20 cents) per share as a Conversion of Options, raising \$242,301 before costs.

The Company issued 890,000 fully paid ordinary shares as a Conversion of Options at an issue price of \$0.20 (20 cents) per share, announced on 31 December 2015. \$178,000 were raised before costs.

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

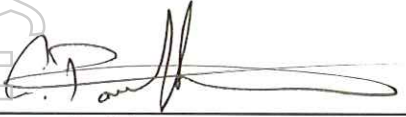
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Connexion Media Limited
Directors' report
31 December 2015

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



George Parthimos
Managing Director

29 February 2016

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CONNEXION MEDIA LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2015 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

N. S. Benbow

N. S. Benbow
Director

Dated this 29th day of February, 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Hawthorn Office
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Hawthorn East VIC 3123

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Connexion Media Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

	Note	Consolidated	
		31 December 2015	31 December 2014
		\$	\$
Sales revenue		120,774	20,414
R&D tax incentive		722,902	-
Expenses			
Research and development costs		(1,203,038)	(285,262)
Administrative and corporate expenses		(1,228,373)	(334,477)
Employee benefits expense		(1,054,769)	(200,382)
Marketing expenses		(77,541)	(28,918)
Share re-quotation and transaction costs expenses		-	(3,241,001)
Travelling expenses		(147,552)	(76,615)
Finance costs		(148,839)	(12,911)
Occupancy		(232,366)	(30,000)
Foreign Currency Gain/Loss		(9,230)	-
Loss before income tax expense		(3,258,032)	(4,189,152)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Connexion Media Limited		(3,258,032)	(4,189,152)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Connexion Media Limited		(3,258,032)	(4,189,152)
		Cents	Cents
Basic loss per share	11	(3.85)	(7.35)
Diluted loss per share	11	(3.85)	(7.35)

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

Connexion Media Limited
Statement of financial position
As at 31 December 2015

	Consolidated	
	31 December	
Note	2015	30 June 2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	744,758	1,102,904
Trade and other receivables	28,732	104,593
Other	37,977	-
Total current assets	<u>811,467</u>	<u>1,207,497</u>
Non-current assets		
Plant and equipment	9,191	9,191
Total non-current assets	<u>9,191</u>	<u>9,191</u>
Total assets	<u>820,658</u>	<u>1,216,688</u>
Liabilities		
Current liabilities		
Trade and other payables	764,029	480,155
Borrowings	332,324	344,551
Employee benefits	75,022	24,969
Total current liabilities	<u>1,171,375</u>	<u>849,675</u>
Non-current liabilities		
Borrowings	2,000,000	-
Total non-current liabilities	<u>2,000,000</u>	<u>-</u>
Total liabilities	<u>3,171,375</u>	<u>849,675</u>
Net (deficiency of) assets	<u>(2,350,717)</u>	<u>367,013</u>
Equity		
Issued capital	7,006,417	6,466,115
Accumulated losses	(9,357,134)	(6,099,102)
Total equity/(deficiency)	<u>(2,350,717)</u>	<u>367,013</u>

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

Connexion Media Limited
Statement of changes in equity
For the half-year ended 31 December 2015

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	-	-	-
Loss after income tax expense for the half-year	-	(4,189,152)	(4,189,152)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(4,189,152)	(4,189,152)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of Shares	7,384,954	-	7,384,954
Less Capital raising expenditure	(1,953,926)	-	(1,953,926)
Balance at 31 December 2014	5,431,028	(4,189,152)	1,241,876
Consolidated	Issued capital \$	Accumulated losses \$	Total deficiency \$
Balance at 1 July 2015	6,466,115	(6,099,102)	367,013
Loss after income tax expense for the half-year	-	(3,258,032)	(3,258,032)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(3,258,032)	(3,258,032)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of shares	540,302	-	540,302
Balance at 31 December 2015	7,006,417	(9,357,134)	(2,350,717)

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

Connexion Media Limited
Statement of cash flows
For the half-year ended 31 December 2015

	Note	Consolidated	
		31 December 2015	31 December 2014
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		120,774	-
Borrowing costs paid		-	(18,100)
Payments to suppliers and employees		(3,543,081)	(905,569)
R&D tax incentive refunds		722,902	20,414
Net cash used in operating activities		<u>(2,699,405)</u>	<u>(903,255)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		-	(3,875)
Loans to other entities		(37,977)	-
Net cash used in investing activities		<u>(37,977)</u>	<u>(3,875)</u>
Cash flows from financing activities			
Proceeds from issue of shares	6	540,302	3,246,864
Costs of issuing shares		-	(353,926)
Proceeds from borrowings		2,000,000	-
Finance costs on borrowings		(161,066)	-
Repayment of loan to Mi Media Holdings Limited		-	(110,635)
Net cash from financing activities		<u>2,379,236</u>	<u>2,782,303</u>
Net increase/(decrease) in cash and cash equivalents		(358,146)	1,875,173
Cash and cash equivalents at the beginning of the financial half-year		1,102,904	-
Cash and cash equivalents at the end of the financial half-year		<u><u>744,758</u></u>	<u><u>1,875,173</u></u>

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

Note 1. General information

The financial statements cover 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 Media Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 600 St Kilda Road
MELBOURNE, VIC 3004

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 29 February 2016.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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.

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

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of those that were adopted materially impacted upon these financial statements.

Note 2. Significant accounting policies (continued)

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.

For the period ended 31 December 2015 the consolidated entity incurred a net loss of \$3,258,032 and incurred net cash outflows from operating and investing activities of \$2,699,405. As at 31 December 2015 the consolidated entity had an excess of current liabilities over current assets of \$27,584 and an excess of total liabilities over total assets of \$2,350,717.

The liabilities of the company include convertible notes with a carrying value of \$2,000,000 at 31 December 2015 which is not payable until 19 August 2017.

The company has developed new services which it is seeking to deploy and generate revenue. To date this has generated some initial sales from these services. The income receipts from these new services, which are based upon distribution agreements with major US-based automotive players and from the results of the launch of its Flex iOS App launch, are forecast to significantly ramp-up in the next few months.

During the period the consolidated entity received \$722,902 in relation to research and development tax incentives in relation to activities it undertook in the 2015 financial year; it forecasts to receive at least \$1,500,000 from its research and development activities for the 2016 financial year.

Subsequent to the end of the period and in February 2016, the Company announced that it had secured an underwriting agreement to raise \$900,000 via a private placement of 5,000,000 fully paid ordinary shares at an issue price of \$0.18 (18 cents) per share, and to strengthen its balance sheet. The consolidated entity also received an additional \$68,133 in relation to the conversion of 340,667 options subsequent to the end of the period.

The Company and consolidated entity have prepared cash flow forecasts from the date of this report to 29 February 2017 for the purpose of ensuring that it can meet its debts as and when they fall due. The forecasts indicate the current cash reserves, following the issue of shares through the private placement and generation of sales revenue, are sufficient cash to cover forecast cash outflows for the next 12 months from the date of this report. The cash flow forecasts include cash raised from funding through the issue of shares, sales revenue and the reduction in expenditure.

Therefore to continue as a going concern the Company and consolidated entity must;

1. Raise further funds through the issue of share capital, and
2. Generate additional sales revenue, and
3. Continue to seek cost effective ways to promote its business services within the constraints of available cash resources.

While the directors have undertaken a market analysis and forecasting process, the Connexion business is a new business and is still in the process of sourcing customers.

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

In the event that the above initiatives do not eventuate or do not generate sufficient cash flows from operations there is uncertainty as to whether the consolidated entity and the company will be able to continue as a going concern. If the consolidated entity and the company are unable to continue as going concerns they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

The financial statements do not any include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity and the company not continue as a going concern.

Connexion Media Limited
Notes to the financial statements
31 December 2015

Note 3. Operating segments

Identification of reportable operating segments

During the period ended 31 December 2015 the group operated in one segment, specialising in developing global information technology solutions for automotive industries in Australia.

Note 4. Current liabilities - borrowings

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Secured loan	332,324	344,551

On 21 January 2013 the legal parent entity, Connexion Media Limited, entered into a loan agreement with a third party investor, which entitled the company to an advance of \$296,500 on this date. The loan's maturity date has been extended to 28 January 2017 with an annual interest rate of 15% payable as 4% on 28 January 2015 and the balance of 11% payable in arrears. There is no share conversion to equity option attached to the loan. The loan is secured by a registered charge over the company's real and intangible property.

Note 5. Non-current liabilities - borrowings

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Convertible notes payable	2,000,000	-

On 19 August 2015 the consolidated entity announced that it had raised \$2 million through the issue of convertible notes to sophisticated and professional investors. The terms of the convertible notes are for a period of 24 months at an exercise price of \$0.25 per share.

Note 6. Equity - issued capital

	Consolidated			
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	Shares	Shares	\$	\$
Ordinary shares - fully paid	87,321,275	84,619,770	7,006,417	6,466,115

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2015	84,619,770		6,466,115
Conversion of options	9 December 2015	50,000	\$0.200	10,000
Conversion of options	18 December 2015	550,000	\$0.200	110,000
Conversion of options	29 December 2015	1,211,505	\$0.200	242,302
Conversion of options	31 December 2015	890,000	\$0.200	178,000
Balance	31 December 2015	87,321,275		7,006,417

During the period 2,701,505 options were converted into fully paid ordinary shares with an issue price of \$0.20 cents (20 cents) per share, raising \$540,302.

Note 7. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 8. Contingent liabilities

During the period the consolidated entity entered into a lease agreement in relation to its new offices and was required to deposit \$80,989 over which a bank guarantee is held by lessor.

Note 9. Events after the reporting period

On 11 January 2016 the consolidated entity issued 265,667 fully paid ordinary share upon the exercise of options at \$0.20 (20 cents) per option raising a total of \$53,133.

On 14 January 2016 the consolidated entity issued 75,000 fully paid ordinary share upon the exercise of options at \$0.20 (20 cents) per option raising a total of \$15,000.

Connexion successfully secured an underwriting agreement to raise \$900,000 via a private Placement of 5,000,000 ordinary shares with new institutional and sophisticated investors. The Placement was at 18c per share, with a warrant to issue one unlisted option for every two shares subscribed with a strike price of \$0.25 valid for 2 years from the issue date March 2017.

No other matter or circumstance has arisen since 31 December 2015 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.

Note 10. Fair value measurement

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

Note 11. Loss per share

	Consolidated	
	31 December	31 December
	2015	2014
	\$	\$
Loss after income tax attributable to the owners of Connexion Media Limited	<u>(3,258,032)</u>	<u>(4,189,152)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>84,693,092</u>	<u>57,008,114</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>84,693,092</u>	<u>57,008,114</u>
	Cents	Cents
Basic loss per share	(3.85)	(7.35)
Diluted loss per share	(3.85)	(7.35)

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". The options were non-dilutive as the consolidated entity made a loss for the year.

Connexion Media Limited
Directors' declaration
31 December 2015

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 2015 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



George Parthimos
Managing Director

29 February 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CONNEXION MEDIA LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report consisting of 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 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 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.

CHARTERED ACCOUNTANTS & ADVISORS

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CONNEXION
MEDIA LIMITED AND CONTROLLED ENTITIES (CONT)**

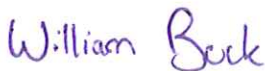
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2015 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.

Emphasis of Matter

Without modification to our conclusion expressed above, we draw attention to Note 1 of the financial statements which indicates that the consolidated entity incurred a net loss before income tax of \$3,258,032 and net cash outflows from operations of \$2,699,405 for the half-year ended 31 December 2015. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern and therefore, the entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 'N. S. Benbow'.

N. S. Benbow
Director

Date this 29th day of February, 2016

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