

Connexion Media Limited

ABN 68 004 240 313

Annual Report - 30 June 2015

For personal use only

Connexion Media Limited
Directors' report
30 June 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 year ended 30 June 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) - appointed 29 August 2014
- John Comonos (Chairman and Non-executive Director) - appointed 29 August 2014
- Sean Habgood (Non-executive Director) - appointed 29 August 2014
- Ashley Kelly (Executive Director)
- Eric Jiang (Executive Director)
- George Karafotias (Executive Chairman & CEO) - resigned 29 August 2014

Principal activities

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

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$6,099,102 (30 June 2014: profit of \$nil).

Below is a summary of the Company's review of operations during the financial year ended 30 June 2015.

Connexion Media Limited re-listed in August 2014, and since this date has generated a very active news flow on the progress of its commercialisation and has maintained a solid share price through some tumultuous times in financial markets.

Earlier news concentrated on the roll out of miRoamer while the second half saw particularly strong progress with Flex product commercialisation and the new US office.

miRoamer

The miRoamer radio and music service is a core asset. It aggregates global content providers including other aggregators, global AM/FM radio services and additional options such as genre-based content and virtual storage of music for the motor vehicle market.

Post listing Connexion announced a license agreement with Hong Kong-based internet radio hardware manufacturer BKS Technology providing access to Connexion's miRoamer internet radio and music service. BKS products using the miRoamer radio and music service are expected to generate around US\$500k over the three year contract.

Connexion Media also had its miRoamer radio and music service app accepted as a partner to the Car Connectivity Consortium's (CCC) MirrorLink Fast Track program. This has expanded miRoamer distribution channels across automaker and aftermarket head unit manufacturers.

MirrorLink specialises in connectivity between smartphones and car infotainment systems with a simple cable connection providing drivers with access to phone applications using a vehicle's navigation screen and dashboard buttons.

The Fast Track program puts miRoamer in a select group of best-of-breed apps showcased by CCC. It benefits app providers with direct access to technical support for adapting an app to MirrorLink, inclusion in marketing and communications from CCC plus promotion among its members plus some reduction in test lab costs.

Flex was officially launched at the 18th Asia Pacific Automotive Engineering Conference in Melbourne in March 2015 as part of the lead up to the Melbourne Formula 1 Grand Prix. Opening the showcase Victoria Industry Minister Lily D'Ambrosio visited the exhibit and praised Connexion for its innovation, particularly our Flex product.

Flex has seen steady initial sales since its launch with sales teams in Australia, the US and UK. Currently there are major automotive manufacturers trialling Flex in the US and Europe. Connexion is engaging in cross selling using our existing (and future) vehicle manufacturers using miRoamer who are eager to trial the Flex technology.

The big news for Flex was in May 2015 when Connexion won a contract with a major US-based automaker as the supplier for a new small business vehicle management service based on the Flex service. The launch of the customised Flex service in new vehicles which have 4G connectivity built-in from factory is expected later in calendar 2015. The US automaker will offer the service throughout the US via its large dealer network.

Connexion is being paid in excess of US\$365k (circa AUD\$500k) to customise the existing Flex service to meet the automaker's market requirements. The revenue generated from the service will be shared by both parties.

Cumulative volume projections based on existing contracts estimated at 17,500 subscribers in 2016, rising to 70,000 subscribers in 2018.

It is estimated that this year 20% of all new manufactured vehicles will be connected to the internet. Internet connected vehicles appears as to be an exponential internet growth segment with major impacts for car safety, security, vehicle data, navigation, in-car infotainment, fleet management and insurance.

Connexion Media is aggressively positioning itself in the forefront of this shift in the automotive industry.

Connexion Media is in strong momentum with product customisation, product roll outs and retail sales strategies. Shareholders should expect to see another active year with strong progress.

Corporate

In March 2015, global technology operational accelerator Yonder & Beyond Group Limited completed a strategic investment in Connexion Media. The investment of \$300k came via the purchase of 1.5 million shares at 20 cents per share from existing CXZ shareholders. This investment also involves Yonder & Beyond assisting Connexion with sales and marketing across the Asia Pacific.

Simultaneously Connexion announced a non-renounceable pro rata offer that raised over \$820k in the oversubscribed offer. A subsequent offer of \$449k was announced and was also oversubscribed.

Connexion's Flex and miRoamer products were collectively chosen as winners in the Australian Anthill's SMART 100 Innovation Awards. The Smart 100 identifies and ranks 100 of Australia's most innovative products.

Connexion has also featured in CommSec's market news Executive Series based on interviews of leading ASX CEOs by high profile market analyst Tom Piotrowski. View it on: https://www.youtube.com/watch?v=gtDi2W_0q_A&feature=youtu.be

News subsequent to the financial year

Connexion received its first payment of \$US90k (circa AUD125k) for the first stages of customisation work for the roll out of Flex in late July. Connexion expects additional customisation revenues will be generated in coming quarters and total customisation payments should exceed \$US365k (circa AUD500k).

In the US two major automakers are trialling Flex, while in Europe five major automakers are also trialling Flex. These automakers collectively represent 30+% and 20+% of annual sales in their respective markets. Connexion is also receiving strong interest from automotive and consumer aftermarket brands and automaker suppliers.

In addition, Connexion has already signed up a small number of paying customers in Australia, and recorded revenues of \$44k in the June quarter. Connexion is expanding retail sales for Flex to the Australian market. Negotiations continue to expand Flex availability in retail stores nationwide with the intention to thereafter expand to international retail markets.

Later in July 2015 Connexion signed an agreement with a local automotive aftermarket distribution and sales company to expand Flex sales channels.

Connexion Media Limited
Directors' report
30 June 2015

Connexion also signed an agreement with Malta-based Lemonworx to distribute Flex via business-to-business channels in Europe. These are also aimed at small to medium size fleets as well as consumer markets in Europe.

At the end of July 2015 Mr Junior Barrett was appointed Connexion Media Inc Executive Vice President. Mr Barrett, who has senior experience with General Motors, will be based in a new Connexion US office in Detroit to service the deal Connexion secured in May to sell the Flex fleet product through a major US auto manufacturer. The new vice president position will also cover sales and product development for North America and South America.

In August 2015 Connexion signed a global distribution agreement with Ford Motor Company for its miRoamer radio and music service to join the manufacturer's SYNC ecosystem. Connexion's miRoamer service will be available in Ford SYNC, Ford's infotainment system. This will see miRoamer available in millions of new and existing Ford vehicles worldwide.

Connexion successfully raised \$2 million in late August 2015 through the issue of convertible notes to sophisticated and professional investors.

Significant changes in the state of affairs

On 11 August 2014, the consolidated entity announced that it had completed the capital raising associated pursuant to the Replacement Prospectus dated 2 June 2014, the First Supplementary Prospectus dated 3 July 2014 and the Second Supplementary Prospectus dated 21 July 2014. The funds raised through the issue amounted to \$3,246,824 and 16,234,230 fully paid shares were issued at an issue price of \$0.20 (20 cents) per share.

On 28 August 2014, the consolidated entity issued 45,000,000 fully paid ordinary shares to Mi Media Holdings Ltd pursuant to the completion of the acquisition of MiRoamer.

On 15 December 2014, the consolidated entity issued 2,700,000 fully paid ordinary shares for the provision of services.

On 2 February 2015, the consolidated entity announced a pro rata non-renounceable offer of 2 New Options for every 3 Shares held by eligible shareholders registered at the record date under the offer with an issue price of \$0.015 (1.5 cents) per option with each New Option exercisable at \$0.20 (20 cents) per option on or before 28 February 2017. The offer was fully underwritten by PAC Partners Pty Ltd and raised a total of \$821,198 with 54,746,513 listed options being issued.

On 12 May 2015, the consolidated entity announced the issue and listing of up to 29,873,257 New Options at an issue price of \$0.015 (1.5 cents) per option, exercisable at \$0.20 (20 cents) per option on or before 28 February 2017. Under the offer if a New Option is exercised on or before 1 January 2016, the holder is entitled to receive a Piggy Back Option, exercisable at \$0.25 on or before 1 January 2018. The Offer was not underwritten and only made to persons nominated by the Company. On 20 May 2015 the consolidated entity issued the 29,873,257 New Options raising a total of \$448,099 before costs.

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

Matters subsequent to the end of the financial year

On 19 August 2015, the consolidated entity announced that it had completed a capital raising of \$2 million via 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.

No other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

Pursuant to sections 299(3) and 299A(3) of the Corporations Act 2001, this Report omits information relating to likely developments in the company's operations in the future because to do so will result, in the opinion of the Directors, in unreasonable prejudice to the Company.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Connexion Media Limited
Directors' report
30 June 2015**

Information on directors

Name: Mr George Parthimos
Title: Managing Director (appointed 29 August 2014)
Experience and expertise: George has over 20 years Information and Communications Technology (ICT) experience specialising in Internet, networks and emerging products sectors. George also leads the innovation and project development as the Chief Architect and is supported by a team of engineers and developers and sales personnel.
Qualifications: BBus, GCertMngt, GAICD
Other current directorships: Mi Media Holdings Limited
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares (Indirect): 47,864,052 fully paid ordinary shares (represents Connexion Media Limited shares held by Mi Media Holdings Limited, of which Mr Parthimos owns 27.2% of Mi Media Holdings Limited)
Interests in options: 741,667 listed options exercisable at \$0.20 (20 cents) on or before 28 February 2017

Name: Mr John Conomos
Title: Non-executive Chairman (appointed 29 August 2014)
Experience and expertise: John was the ex-Chairman and CEO of Toyota Australia, and is one of the most respected people in the Australian automotive industry.
Qualifications: Nil
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: N/A
Interests in shares: Nil
Interests in options: Nil

Name: Mr Sean Habgood
Title: Non-executive Director (appointed 29 August 2014)
Experience and expertise: Sean has been non-executive director since the company listed in August 2014. Sean spent 20 years as CFO of Internode, which was acquired by iiNet (ASX: IIN) in 2011 for \$105 million. Sean has experience in mergers and acquisitions, and technology start-ups.
Qualifications: BBus
Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: None
Interests in shares: Nil
Interests in options: Nil

Name: Mr Ashley Kelly
Title: Executive Director
Experience and expertise: Ashley is a Senior Advisor and former State Manager (Adelaide) with Bell Potter Securities, and a responsible executive for the Australian Securities Exchange. Ashley has over 20 years experience advising private and high-net worth individuals on ASX listed securities. He has held numerous board positions with ASX listed companies. Mr Kelly also has experience in Australian Equities, Portfolio Management, Capital Raising, Seed Offerings, Seed Placings, IPOs and Fixed Interest products.
Qualifications: BCom
Other current directorships: Perpetual Resources Limited
Former directorships (last 3 years): Nil
Special responsibilities: None
Interests in shares: 620,500 fully paid ordinary shares

Connexion Media Limited
Directors' report
30 June 2015

Name: Mr Eric Jiang
Title: Executive Director
Experience and expertise: Eric has developed broad expertise as a corporate consultant and advisor, is currently Executive Director of ASX listed Perpetual Resources (ASX: PEC), and has been a Non-executive director of a number of listed companies in Australia and overseas.
Qualifications: BCom
Other current directorships: Perpetual Resources Limited (ASX: PEC)
Former directorships (last 3 years): Atech Holdings Limited (ASX:ATH)
Special responsibilities: N/A
Interests in shares (Indirect): 7,500,000 fully paid ordinary shares (as Director of Perpetual Consulting Group Pty Limited)
Interests in options (Indirect): 5,000,000 listed options exercisable at \$0.20 (20 cents) on or before 28 February 2017 (as Director of Perpetual Consulting Group Pty Limited)

Name: Mr George Karafotias
Title: Executive Chariman & CEO (resigned 29 August 2014)
Experience and expertise: Mr Karafotias is an accountant holding a Bachelor of Commerce from the University of Adelaide. He is currently serving on the Board of ASX-listed Company Biron Apparel Ltd (since 7 October 2009) and Perpetual Resources Limited (since 29 November 2011) and was a director on ATECH Ltd (from 21 February 2011 to 8 August 2014). He also provides corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.
Qualifications: BCom
Other current directorships: Perpetual Resources Limited (ASX: PEC), Biron Apparel Limited (ASX:BIC)
Former directorships (last 3 years): Atech Holdings Limited (ASX:ATH), ECSI Limited (ASX:ECS)
Special responsibilities: None
Interests in shares (Indirect): 7,500,000 fully paid ordinary shares (as Director of Perpetual Consulting Group Pty Limited)
Interests in options (Indirect): 6,750,000 listed options exercisable at \$0.20 (20 cents) on or before 28 February 2017 (as Director of Perpetual Consulting Group Pty Limited)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr George Karafotias was appointed Company Secretary on 29 September 2011.

Mr Karafotias is an accountant holding a Bachelor of Commerce from the University of Adelaide. He is currently serving on the Board of ASX-listed Company Biron Apparel Ltd (since 7 October 2009) and Perpetual Resources Limited (since 29 November 2011) and was a director on ATECH Ltd (from 21 February 2011 to 8 August 2014). He also provides corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2015, and the number of meetings attended by each director were:

| | Full Board Attended | Full Board Held |
|---------------------|------------------------|--------------------|
| Mr George Parthimos | 4 | 4 |
| Mr John Conomos | 4 | 4 |
| Mr Sean Habgood | 4 | 4 |
| Mr Ashley Kelly | 4 | 4 |
| Mr Eric Jiang | 4 | 4 |

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, 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

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms 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 Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are 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 annually by the Board. 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 present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The current aggregate remuneration limit is \$250,000.

Executive remuneration

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

Connexion Media Limited
Directors' report
30 June 2015

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 annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')

At the 2014 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

Connexion Media Limited
Directors' report
30 June 2015

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total \$ |
|----------------------------------------|-------------------------|---------------|-----------------|--------------------------|-----------------------|----------------------|----------------|
| | Cash salary and fees \$ | Cash bonus \$ | Non-monetary \$ | Super-annuation \$ | Long service leave \$ | Equity-settled \$ | |
| 2015 | | | | | | | |
| <i>Non-Executive Directors:</i> | | | | | | | |
| John Conomos* | 62,500 | - | - | 3,958 | - | - | 66,458 |
| Sean Habgood | 50,000 | - | - | 4,750 | - | - | 54,750 |
| <i>Executive Directors:</i> | | | | | | | |
| George Parthimos** | 191,667 | 50,000 | - | 18,208 | - | - | 259,875 |
| Eric Jiang | 75,000 | - | - | 7,125 | - | - | 82,125 |
| Ashley Kelly | 75,000 | - | - | 7,125 | - | - | 82,125 |
| <i>Other Key Management Personnel:</i> | | | | | | | |
| George Karafotias | 50,000 | - | - | - | - | - | 50,000 |
| | <u>504,167</u> | <u>50,000</u> | <u>-</u> | <u>41,166</u> | <u>-</u> | <u>-</u> | <u>595,333</u> |

* Included in this amount are consulting fees for additional services carried out during the period.

** The Board resolved a bonus during the financial year amounting to \$50,000 following achievements by the Managing Director on signing up key motor vehicle companies

2014

There was no remuneration paid or accrued to directors during the financial year ended 30 June 2014.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|----------------------------------------|--------------------|------|---------------|------|---------------|------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| <i>Non-Executive Directors:</i> | | | | | | |
| John Conomos | 100% | -% | -% | -% | -% | -% |
| Sean Habgood | 100% | -% | -% | -% | -% | -% |
| <i>Executive Directors:</i> | | | | | | |
| George Parthimos | 79% | -% | 21% | -% | -% | -% |
| Eric Jiang | 100% | -% | -% | -% | -% | -% |
| Ashley Kelly | 100% | -% | -% | -% | -% | -% |
| <i>Other Key Management Personnel:</i> | | | | | | |
| George Karafotias | 100% | -% | -% | -% | -% | -% |

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr George Parthimos
Title: Managing Director
Agreement commenced: 28 April 2014
Term of agreement: No fixed term
Details: Mr Parthimos is remunerated at a level of \$230,000 per annum (plus superannuation). The Company may terminate the agreement by giving twelve (12) months notice in writing. Mr Parthimos can terminate the agreement by giving twelve (12) months notice.

Name: Mr Eric Jiang
Title: Executive Director
Agreement commenced: 28 April 2014
Term of agreement: No fixed term
Details: Mr Jiang is remunerated at a level of \$90,000 per annum (plus superannuation). The Company may terminate the agreement by giving twelve (12) months notice in writing. Mr Jiang can terminate the agreement by giving twelve (12) months notice.

Name: Mr Ashley Kelly
Title: Executive Director
Agreement commenced: 28 April 2014
Term of agreement: No fixed term
Details: Mr Kelly is remunerated at a level of \$90,000 per annum (plus superannuation). The Company may terminate the agreement by giving twelve (12) months notice in writing. Mr Kelly can terminate the agreement by giving twelve (12) months notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2015.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|-------------------|------------------|--------------------------------|
| <i>Ordinary shares</i> | | | | | |
| George Parthimos * | 3,800,000 | - | 45,000,000 | 935,948 | 47,864,052 |
| Ashley Kelly | 120,000 | - | 500,500 | - | 620,500 |
| Eric Jiang** | - | - | 7,500,000 | - | 7,500,000 |
| George Karafotias** | - | - | - | - | - |
| | <u>3,920,000</u> | <u>-</u> | <u>53,000,500</u> | <u>935,948</u> | <u>55,984,552</u> |

* George Parthimos has indirect holdings of 47,864,052 shares held by Mi Media Holdings Limited. Mi Media Holdings received 45,000,000 shares in Connexion Media Limited for the sale of miRoamer Pty Limited. Mi Media Holdings Limited disposed of 935,948 shares in Connexion Media Limited to existing creditors to settle outstanding debts.

** George Karafotias and Eric Jiang both have indirect holdings of 7,500,000 shares held by Perpetual Consulting Group Pty Limited

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ purchased/ other | Balance at the end of the year |
|-------------------------------------|----------------------------------|----------|-----------|---------------------------|--------------------------------|
| <i>Options over ordinary shares</i> | | | | | |
| George Parthimos* | - | - | - | 741,667 | 741,667 |
| Eric Jiang ** | - | - | - | 5,000,000 | 5,000,000 |
| George Karafotias** | - | - | - | 1,750,000 | 1,750,000 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,491,667</u> | <u>7,491,667</u> |

* George Parthimos has direct and indirect holdings of 741,667 options held by a number of parties including Parthimos Family Super Fund, Torian Developments Pty Limited, and George Parthimos.

** George Karafotias and Eric Jiang both have indirect holdings of 5,000,000 options held by Perpetual Consulting Group Pty Limited. George Karafotias also has direct holdings of 1,750,000 options.

Connexion Media Limited
Directors' report
30 June 2015

Transactions with related parties and key management personnel

The following transactions occurred with related parties:

| | Consolidated | |
|---------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Payment for goods and services: | | |
| Payments for rent | 93,594 | - |
| Issue of promoter shares | 1,500,000 | - |

During the year, the consolidated entity incurred rent charges from an entity associated with Mr George Karafotias and Mr Eric Jiang.

Upon the consolidated entity being re-admitted on the ASX, an entity associated with Mr George Karafotias and Mr Eric Jiang was issued a total of 7,500,000 fully paid shares as promoter shares in relation to capital raising services provided to the Company.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|-------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Current borrowings: | | |
| Loan from Mi Media Holdings Limited | 12,227 | - |

The loan owing to Mi Media Holdings Limited is unsecured, interest free and payable at call. Mr George Parthimos is a director and significant shareholder of Mi Media Holdings Limited.

Terms and conditions

The Directors believe the loan payable can be repaid upon call by the lender.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Connexion Media Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------|------------------|----------------|---------------------|
| Various | 28 February 2017 | \$0.200 | 84,619,770 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Connexion Media Limited issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Connexion Media Limited
Directors' report
30 June 2015

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.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

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

Officers of the company who are former partners of William Buck

There are no officers of the company who are former partners of William Buck.

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 the following page.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



George Parthimos
Director

31 August 2015

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 year ended 30 June 2015 there have been:

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

William Buck

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

A handwritten signature in blue ink, appearing to be "N. S. Benbow".

N. S. Benbow
Director

Dated this 31st day of August, 2015

For personal use only

Connexion Media Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

| | Note | Consolidated | |
|---------------------------------------------------------------------------------------------------------|------|--------------|--------------|
| | | 2015 \$ | 2014 \$ |
| Revenue | 5 | 102,761 | - |
| Expenses | | | |
| Administrative and corporate expenses | | (416,764) | - |
| Employee benefits expense | 7 | (876,492) | - |
| Marketing expenses | | (313,782) | - |
| Occupancy costs | | (93,594) | - |
| Research and development costs | | (1,028,069) | - |
| Share re-quotations and transaction costs expenses | 6 | (3,241,001) | - |
| Travelling expenses | | (176,340) | - |
| Finance costs | | (55,821) | - |
| Loss before income tax expense | | (6,099,102) | - |
| Income tax expense | 8 | - | - |
| Loss after income tax expense for the year attributable to the owners of Connexion Media Limited | | (6,099,102) | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year attributable to the owners of Connexion Media Limited | | (6,099,102) | - |
| | | Cents | Cents |
| Basic and Diluted earnings per share | 25 | (8.65) | - |

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 30 June 2015

| | Note | Consolidated 2015 \$ | 2014 \$ |
|----------------------------------|------|----------------------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 1,102,904 | - |
| Trade and other receivables | 10 | 104,593 | - |
| Total current assets | | <u>1,207,497</u> | <u>-</u> |
| Non-current assets | | | |
| Plant and equipment | 11 | 9,191 | - |
| Total non-current assets | | <u>9,191</u> | <u>-</u> |
| Total assets | | <u>1,216,688</u> | <u>-</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 480,155 | - |
| Borrowings | 13 | 344,551 | - |
| Employee benefits | 14 | 24,969 | - |
| Total current liabilities | | <u>849,675</u> | <u>-</u> |
| Total liabilities | | <u>849,675</u> | <u>-</u> |
| Net assets | | <u>367,013</u> | <u>-</u> |
| Equity | | | |
| Issued capital | 15 | 6,466,115 | - |
| Accumulated losses | | <u>(6,099,102)</u> | <u>-</u> |
| Total equity | | <u>367,013</u> | <u>-</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 year ended 30 June 2015

| Consolidated | Issued capital \$ | Retained profits \$ | Total equity \$ |
|--------------------------------------------------------------|------------------------------|--------------------------------|----------------------------|
| Balance at 1 July 2013 | - | - | - |
| Profit after income tax expense for the year | - | - | - |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | - | - |
| Balance at 30 June 2014 | - | - | - |
| Consolidated | Issued capital \$ | Retained profits \$ | Total equity \$ |
| Balance at 1 July 2014 | - | - | - |
| Loss after income tax expense for the year | - | (6,099,102) | (6,099,102) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (6,099,102) | (6,099,102) |
| <i>Transactions with owners in their capacity as owners:</i> | | | |
| Issue of shares | 7,884,954 | - | 7,884,954 |
| Issue of share options | 1,269,298 | - | 1,269,298 |
| Less capital raising expenditure | (2,688,137) | - | (2,688,137) |
| Balance at 30 June 2015 | 6,466,115 | (6,099,102) | 367,013 |

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 year ended 30 June 2015

| | Note | Consolidated 2015 \$ | 2014 \$ |
|------------------------------------------------------------------|------|----------------------------|------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 60,822 | - |
| Payments to suppliers and employees | | (2,614,755) | - |
| Interest received | | 41,939 | - |
| Net cash used in operating activities | 23 | (2,511,994) | - |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 11 | (9,191) | - |
| Net cash used in investing activities | | (9,191) | - |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 15 | 3,246,864 | - |
| Proceeds from issue of share options | | 1,269,298 | - |
| Share issue transaction costs | | (588,137) | - |
| Repayment of loan to Mi Media Holdings Limited | | (303,936) | - |
| Net cash from financing activities | | 3,624,089 | - |
| Net increase in cash and cash equivalents | | 1,102,904 | - |
| Cash and cash equivalents at the beginning of the financial year | | - | - |
| Cash and cash equivalents at the end of the financial year | 9 | 1,102,904 | - |

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 consisting of MiRoamer Pty Ltd (the accounting parent as defined in note 6) and the entities it controlled at the end of, or during, the year (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 17, 499 St Kilda Road
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 31 August 2015. The directors have the power to amend and reissue the financial statements.

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.

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, and apply the going concern basis of accounting.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MiRoamer Pty Ltd (the accounting parent) as at 30 June 2015 and the results of its controlled entities for the year then ended. Together these are referred to in these financial statements as the 'consolidated entity'.

Controlled entities are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over an entity, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Reverse acquisitions of entities that are not businesses

When an entity obtains control over an entity and that entity is not a business, the company applies its accounting policy for consolidations, and any consideration paid in-respect of the acquisition of that entity in-excess of the net book value of assets and liabilities acquired is expensed to the profit and loss. Where consideration for the acquisition involves the issue of share capital by the accounting acquirer, such equity is measured at its grant date fair value. Grant date is the date in which all parties to the transaction are fully aware of the rights and entitlements attributed to the consideration of the issued capital issued by the accounting acquirer.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. 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.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives which are in between 3 - 10 years.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Significant accounting policies (continued)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Connexion Media Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments

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

AASB 15 Revenue from Contracts with Customers

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Reverse Acquisitions of entities that are not business

As discussed in note 2, where consideration for the acquisition involves the issue of share capital by the accounting acquirer, such equity is measured at its grant date fair value. For details of the assessment of the accounting treatment, refer to note 6.

Note 4. Operating segments

Identification of reportable operating segments

During the year ended 30 June 2015 the group operated in one segment, specialising in developing global information technology solutions for automotive industries in Australia. For the year ended 30 June 2015 all of its sales revenue was from one customer (2014: nil).

Note 5. Revenue

| | Consolidated | |
|----------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Sales revenue | | |
| Licensing fees | 14,579 | - |
| Sales | 46,243 | - |
| | <u>60,822</u> | <u>-</u> |
| Other revenue | | |
| Interest | 41,939 | - |
| Total revenue | <u>102,761</u> | <u>-</u> |

Note 6. Reverse acquisition of miRoamer Pty Ltd

On 28 August 2014 Connexion Media Limited successfully completed an issue of share capital under Prospectus, the details of which are highlighted in Note 15 discussing movements in Issued Capital. On this date, the company also successfully achieved re-quotations on the Australian Securities Exchange (ASX), which meant that all remaining conditions to the Share Sale Agreement to acquire 100% of the issued share capital of miRoamer Pty Ltd from Mi Media Holdings Limited, as discussed in the June 2014 annual report, were achieved. As at this date, Mi Media held more than 50% of the ordinary issued share capital in Connexion Media Limited. Based upon this shareholding, and from a change to the nature of the operations and management to the entity that accompanied the transaction, the directors determined that the transaction satisfied the accounting definition of a reverse acquisition, whereby the accounting parent of the newly merged entity would be miRoamer Pty Ltd, irrespective of the fact that the head legal entity would remain as Connexion Media Limited. The directors also determined that the newly acquired entity, for accounting purposes, being Connexion Media Limited, did not meet the accounting definition of a business, and as a consequence no adjustments were made for fair values of assets or liabilities held in Connexion as a consequence of the transaction. All costs incurred as a result of the transaction, including the costs of equity paid by miRoamer for merging into the newly-formed group the existing shareholders of Connexion Media Limited that could not be directly linked to the issue of share capital, were expensed to the profit or loss, as follows:

| | Consolidated | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Value of equity attributed to shareholders of Connexion Media Limited (10,185,450 shares at 20 cents per share) arising from the reverse acquisition of miRoamer Pty Ltd | 2,037,090 | - |
| Net liabilities incurred upon the reverse acquisition of Connexion Media Limited | 710,716 | - |
| Issue of 2,700,000 shares to corporate advisor | 486,000 | - |
| Other transaction fees | 7,195 | - |
| | <u>3,241,001</u> | <u>-</u> |
| Share re-quotations and transaction costs expense | | |

Note 7. Expenses

| | Consolidated | |
|------------------------------------------------------------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable | 55,822 | - |
| <i>Rental expense relating to operating leases</i> | | |
| Minimum lease payments | 93,594 | - |
| <i>Superannuation expense</i> | | |
| Defined contribution superannuation expense | 48,253 | - |
| <i>Employee benefits expense excluding superannuation</i> | | |
| Employee benefits expense excluding superannuation | 744,440 | - |

Note 8. Income tax expense

| | Consolidated | |
|--------------------------------------------------------------------------------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Loss before income tax expense | (6,099,102) | - |
| Tax at the statutory tax rate of 30% | (1,829,731) | - |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income | 972,300 | - |
| Deferred taxes not recognised | (857,431) | - |
| | 857,431 | - |
| Income tax expense | - | - |

| | Consolidated | |
|-----------------------------------------------------------------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| <i>Tax losses not recognised</i> | | |
| Unused tax losses for which no deferred tax asset has been recognised | 2,858,102 | - |
| Potential tax benefit @ 30% | 857,431 | - |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - cash and cash equivalents

| | Consolidated | |
|--------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| Cash at bank | 1,102,904 | - |

Note 10. Current assets - trade and other receivables

| | Consolidated | |
|------------------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| GST credits receivable | 104,593 | - |

Note 11. Non-current assets - Plant and equipment

| | Consolidated | |
|-------------------------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| Plant and equipment - at cost | 9,191 | - |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Fixtures and fittings \$ | Total \$ |
|-------------------------|-----------------------------|-------------|
| Balance at 1 July 2013 | - | - |
| Balance at 30 June 2014 | - | - |
| Additions | 9,191 | 9,191 |
| Balance at 30 June 2015 | 9,191 | 9,191 |

Note 12. Current liabilities - trade and other payables

| | Consolidated | |
|----------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| Trade payables | 232,920 | - |
| Other payables | 247,235 | - |
| | 480,155 | - |

Refer to note 17 for further information on financial instruments.

Note 13. Current liabilities - borrowings

| | Consolidated | |
|-------------------------------------------------|--------------|------|
| | 2015 | 2014 |
| | \$ | \$ |
| Loan from Mi Media Holdings Limited - unsecured | 12,227 | - |
| Secured loan | 332,324 | - |
| | 344,551 | - |

Refer to note 17 for further information on financial instruments.

Note 13. Current liabilities - borrowings (continued)

Loan owing to Mi Media Holdings Limited

The loan owing to Mi Media Holdings Limited is unsecured, interest free and payable at call. George Parthimos is a director and significant shareholder of Mi Media Holdings Limited.

Secured loan

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 2016 with an annual interest rate of 15% payable as 4% on 28 January 2015 and the balance of 11% payable in arrears which is rolled into the loan balance. 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 14. Current liabilities - employee benefits

| | Consolidated | |
|--------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Annual leave | 24,969 | - |

Note 15. Equity - issued capital

| | 2015 | Consolidated | | 2014 |
|------------------------------|--------------------|---------------------|------------------|-------------|
| | Shares | 2014 | 2015 | 2014 |
| | | Shares | \$ | \$ |
| Ordinary shares - fully paid | 84,619,770 | 10,185,450 | 5,196,817 | - |
| Share options | 84,619,770 | - | 1,269,298 | - |
| | <u>169,239,540</u> | <u>10,185,450</u> | <u>6,466,115</u> | <u>-</u> |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|--------------------|------------------|
| Balance | 1 July 2013 | 10,185,450 | | - |
| Balance | 30 June 2014 | 10,185,450 | | - |
| Issue of ordinary shares under Prospectus | 29 August 2014 | 16,234,320 | \$0.200 | 3,246,864 |
| Issue of shares for the acquisition of miRoamer Pty Ltd | 29 August 2014 | 45,000,000 | - | - |
| Value of equity attributed to shareholders of Connexion Media Limited (10,185,450 shares at 20 cents per share) arising from the reverse acquisition of miRoamer Pty Ltd* | 29 August 2014 | - | - | 2,037,090 |
| Issue of shares to promoter under prospectus* | 29 August 2014 | 7,500,000 | \$0.200 | 1,500,000 |
| Issue of shares to Broker under Prospectus* | 29 August 2014 | 500,000 | \$0.200 | 100,000 |
| Issue of shares to Broker for services rendered* | 16 December 2014 | 2,700,000 | \$0.185 | 501,000 |
| Issue of shares for underwriting fee* | 30 January 2015 | 2,500,000 | \$0.200 | 500,000 |
| Costs of issuing equity | | - | - | (2,688,137) |
| Balance | 30 June 2015 | <u>84,619,770</u> | | <u>5,196,817</u> |

* The price determined for the share price of these transactions were taken from the weighted average spot date as the grant date, being the date the shares were issued to third parties.

Note 15. Equity - issued capital (continued)

Movements in share options

| Details | Date | Shares | Issue price | \$ |
|------------------------|--------------|-------------------|-------------|------------------|
| Balance | 1 July 2013 | - | | - |
| Balance | 30 June 2014 | - | | - |
| Issue of share options | | 84,619,770 | \$0.015 | 1,269,298 |
| Balance | 30 June 2015 | <u>84,619,770</u> | | <u>1,269,298</u> |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share options

Each option has an exercise price of \$0.20 (20 cents) and an expiry date of 28 February 2017. Option holders do not participate in dividends or the proceeds on the winding up of the company.

On 2 February 2015, the consolidated entity announced a pro rata non-renounceable offer of 2 New Options for every 3 Shares held by eligible shareholders registered at the record date under the offer with an issue price of \$0.015 (1.5 cents) per option with each New Option exercisable at \$0.20 (20 cents) per option on or before 28 February 2017. The offer was fully underwritten by PAC Partners Pty Ltd and raised a total of \$821,198 with 54,746,513 listed options being issued.

On 12 May 2015, the consolidated entity announced the listed issue of up to 29,873,257 New Options at an issue price of \$0.015 (1.5 cents) per option, exercisable at \$0.20 (20 cents) per option on or before 28 February 2017. Under the offer if a New Option is exercised on or before 1 January 2016, the holder is entitled to receive a 'Piggy Back Option', exercisable at \$0.25 on or before 1 January 2018. The Offer was not underwritten and only made to persons nominated by the Company. On 20 May 2015 the consolidated entity issued the 29,873,257 New Options raising a total of \$448,099 before costs.

A class shares do not have any voting rights.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 16. Equity - dividends

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

Note 17. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to two financial risks: market risk (interest rate risk) and liquidity risk. The consolidated entity's overall risk management program focuses on the management of these risks through cashflow forecasting capital management.

Risk management is carried out by management and the Board of Directors ('the Board') informally on a frequent periodic basis. The process includes identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Note 17. Financial instruments (continued)

Market risk

Interest rate risk

The consolidated entity's main interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. Current borrowings are all short-term, limiting fair value interest rate risk.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| | Weighted average interest rate % | 0 - 3 months \$ | 3 - 6 months \$ | 6 - 12 months \$ | 12 months and over \$ | Remaining contractual maturities \$ |
|--------------------------------------|-------------------------------------------|--------------------|--------------------|---------------------|-----------------------------|----------------------------------------------|
| Consolidated - 2015 | | | | | | |
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | -% | 480,156 | - | - | - | 480,156 |
| Other loans | -% | 12,227 | - | - | - | 12,227 |
| <i>Interest-bearing - fixed rate</i> | | | | | | |
| Secured loans | 15.00% | 332,324 | - | - | - | 332,324 |
| Total non-derivatives | | 824,707 | - | - | - | 824,707 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Key management personnel disclosures

Directors

The following persons were directors of Connexion Media Limited during the financial year:

| | |
|-------------------------------------------------------------------|---------------------------------------------------------|
| George Parthimos (Managing Director) | (appointed 29 August 2015) |
| John Conomos (Chairman and Non-executive Director) | (appointed 29 August 2015) |
| Sean Habgood (Non-executive Director) | (appointed 29 August 2015) |
| Ashley Kelly (Executive Director) | |
| Eric Jiang (Executive Director) | |
| George Karafotias (Executive Chairman, CEO and Company Secretary) | (resigned 29 August 2015 as Executive Chairman and CEO) |

Note 18. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Short-term employee benefits | 554,167 | - |
| Post-employment benefits | 41,166 | - |
| | 595,333 | - |

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company:

| | Consolidated | |
|---------------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| <i>Audit services - William Buck</i> | | |
| Audit or review of the financial statements | 25,000 | 19,200 |
| Due diligence assurance services | 6,000 | 4,000 |
| Total | 31,000 | 23,200 |

Note 20. Related party transactions

Parent entity

Connexion Media Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated | |
|---------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Payment for goods and services: | | |
| Payments for rent | 93,594 | - |
| Issue of promoter shares | 1,500,000 | - |

During the year, the consolidated entity incurred rent charges from an entity associated with Mr George Karafotias and Mr Eric Jiang. Upon the consolidated entity being re-admitted on the ASX, an entity associated with Mr George Karafotias and Mr Eric Jiang was issued a total of 7,500,000 fully paid shares as promoter shares in relation to capital raising services provided to the Company.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 20. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|-------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Current borrowings: | | |
| Loan from Mi Media Holdings Limited | 12,227 | - |

The loan owing to Mi Media Holdings Limited is unsecured, interest free and payable at call. Mr George Parthimos is a director and significant shareholder of Mi Media Holdings Limited.

Terms and conditions

The Directors believe the loan payable can be repaid upon call by the lender.

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent | |
|----------------------------|---------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Loss after income tax | (6,099,102) | - |
| Total comprehensive income | (6,099,102) | - |

Statement of financial position

| | Parent | |
|---------------------------|----------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Total current assets | 1,207,497 | - |
| Total assets | 1,216,688 | - |
| Total current liabilities | 849,675 | - |
| Total liabilities | 849,675 | - |
| Equity | | |
| Issued capital | 6,466,115 | - |
| Accumulated losses | (6,099,102) | - |
| Total equity | <u>367,013</u> | <u>-</u> |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2015.

Note 21. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 22. Events after the reporting period

On 19 August 2015, the consolidated entity announced that it had completed a capital raising of \$2 million via 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.

No other matter or circumstance has arisen since 30 June 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 23. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|--------------------------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Loss after income tax expense for the year | (6,099,102) | - |
| Adjustments for: | | |
| Non-cash expenses incurred in requotation transactions | 3,248,806 | - |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (104,593) | - |
| Increase in trade and other payables | 417,926 | - |
| Increase in employee benefits | 24,969 | - |
| Net cash used in operating activities | <u>(2,511,994)</u> | <u>-</u> |

Note 24. Non-cash investing and financing activities

| | Consolidated | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Value of equity attributed to shareholders of Connexion Media Limited (10,185,450 shares at 20 cents per share) arising from the reverse acquisition of miRoamer Pty Ltd | <u>2,037,090</u> | <u>-</u> |

Refer to Note 6 for further details in relation to the reverse acquisition of miRoamer Pty Ltd.

Note 25. Earnings per share

| | Consolidated | |
|-----------------------------------------------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Loss after income tax attributable to the owners of Connexion Media Limited | <u>(6,099,102)</u> | <u>-</u> |

Note 25. Earnings per share (continued)

| | Number | Number |
|-------------------------------------------------------------------------------------------|-------------------|---------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 70,494,990 | - |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>70,494,990</u> | <u>-</u> |
| | Cents | Cents |
| Basic earnings per share | (8.65) | - |
| Diluted earnings per share | (8.65) | - |

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
30 June 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



George Parthimos
Director

31 August 2015

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

Report on the Financial Report

We have audited the accompanying financial report of Connexion Media Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the accounting parent entity, being miRoamer Pty Ltd and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

CHARTERED ACCOUNTANTS & ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

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

Auditor's Opinion

In our opinion:

- a) the accompanying financial report of Connexion Media Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Connexion Media Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Connexion Media Limited for the year ended 30 June 2015 included on Company's web site. The Company's directors are responsible for the integrity of the Company's web site. We have not been engaged to report on the integrity of the Company's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



William Buck Audit (VIC) Pty Ltd

ABN: 59 116 151 136



N. S. Benbow

Director

Dated this 31st day of August, 2015

Connexion Media Limited
Shareholder information
30 June 2015

The shareholder information set out below was applicable as at 27 August 2015.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Number of holders of ordinary shares | Number of holders of options over ordinary shares (CXZO) |
|---------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------|
| 1 to 1,000 | 824 | 29 |
| 1,001 to 5,000 | 190 | 28 |
| 5,001 to 10,000 | 121 | 37 |
| 10,001 to 100,000 | 278 | 165 |
| 100,001 and over | 52 | 132 |
| | <u>1,465</u> | <u>391</u> |
| Holding less than a marketable parcel | <u>924</u> | <u>-</u> |

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares Number held | Ordinary shares % of total shares issued |
|------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------|
| MI Media Holdings Ltd | 47,864,052 | 56.56 |
| Perpetual Consulting Group Pty Ltd | 7,500,000 | 8.86 |
| Mr John C Loosemore & Mrs Susan M Loosemore (Loosemore Super Fund A/C) | 1,400,000 | 1.65 |
| Yonder and Beyond Pty Ltd | 850,000 | 1.00 |
| Raven Investment Holdings Pty Ltd (Raven Investment A/C) | 805,000 | 0.95 |
| Associated Strategic Consultancy Pty Ltd | 776,400 | 0.92 |
| Wiseplan Investments Pty Ltd (Leon Davies Investment A/C) | 760,000 | 0.90 |
| Metech Super Fund (Metech No 2 Super Fund A/C) | 600,000 | 0.71 |
| Quartz Mountain Mining Pty Ltd (The Bass Family A/C) | 552,034 | 0.65 |
| Geoffrey M Cottle | 525,000 | 0.62 |
| Westdrive Pty Ltd (West Coast Unit A/C) | 523,850 | 0.62 |
| Soon J Yuen | 500,000 | 0.59 |
| Molly Kelly | 500,000 | 0.59 |
| Raven Investment Holdings Pty Ltd | 500,000 | 0.59 |
| Stephen B Crewes & Sarah L Crewes (Crewes Family S/F A/C) | 465,000 | 0.55 |
| Craig A Lubich & Leeanne K Lubich (C&L Lubich Family A/C) | 400,000 | 0.47 |
| Mial Enterprises Pty Ltd (Ramsay Super Fund A/C) | 400,000 | 0.47 |
| Ramsay Financial Group Pty Ltd (Ramsay Super Fund A/C) | 375,000 | 0.44 |
| Jonathan Chivers | 350,000 | 0.41 |
| Graeme A Green (The Graeme Green S/F A/C) | 349,190 | 0.41 |
| | <u>65,995,526</u> | <u>77.96</u> |

Connexion Media Limited
Shareholder information
30 June 2015

| | Options over ordinary shares Number held | ordinary shares % of total options issued |
|---------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------|
| Perpetual Consulting Group Pty Ltd | 5,000,000 | 5.91 |
| Beama Investments Pty Ltd | 2,971,667 | 3.51 |
| DCJAY Pty Ltd (Joe & Co Group S/F A/C) | 2,350,000 | 2.78 |
| Chee Chin | 2,290,800 | 2.71 |
| Plan-1 Pty Ltd | 2,288,333 | 2.70 |
| Halifax Limited | 2,091,667 | 2.47 |
| Regional Management Pty Ltd | 2,000,000 | 2.36 |
| Himal Pty Ltd | 2,000,000 | 2.36 |
| Hanna McDowell | 1,950,000 | 2.30 |
| George Karafotias | 1,750,000 | 2.07 |
| Noel F Holland (The Noel Holland Family A/C) | 1,666,666 | 1.97 |
| Brett G Walker | 1,500,000 | 1.77 |
| Johannus T Gerritzen & Elizabeth A Gerritzen (Gerritzen Family A/C) | 1,485,000 | 1.75 |
| Raven Investment Holdings Pty Ltd (Raven Investment A/C) | 1,420,730 | 1.68 |
| Timothy M McKenzie | 1,378,000 | 1.63 |
| Leon Davies & Jennifer A Davies (L & J Davies Superfund A/C) | 1,255,000 | 1.48 |
| Quartz Mountain Mining Pty Ltd (The Bass Family A/C) | 1,200,000 | 1.42 |
| Metech Super Pty Ltd (Metech No 2 Super Fund A/C) | 1,200,000 | 1.42 |
| Associated Strategic Consultancy Pty Ltd | 1,112,801 | 1.32 |
| Andrew M Peterfreund | 1,100,000 | 1.30 |
| | 38,010,664 | 44.91 |

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

| | Ordinary shares Number held | % of total shares issued |
|------------------------------------|-----------------------------------|--------------------------------|
| MI Media Holdings Ltd | 47,864,052 | 56.56 |
| Perpetual Consulting Group Pty Ltd | 7,500,000 | 8.86 |

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

| Class | Expiry date | Number of shares |
|----------------------------|---------------------------|------------------|
| Fully Paid ordinary shares | 24 months from issue date | 55,550,000 |

For personal use only