

**Appendix 4E**  
**Preliminary final report**

**Connexion Media Limited**  
(Formerly known as ECSI Limited)

ABN 68 004 240 313

**30<sup>th</sup> June 2014**

Lodged with the ASX under Listing Rule 4.3A

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Results for Announcement to the Market

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# Connexion Media Limited

(Formerly known as ECSI Limited)

ABN 68 004 240 313

## Year ended 30 June 2014

(Previous corresponding period: Year ended 30 June 2013)

### Results for Announcement to the Market

A\$,000

<b>Revenues</b> from continuing ordinary activities	N/A	-%	to	-
<b>Loss</b> from ordinary activities after tax attributable to members	down	37%	to	(378)
<b>Net loss</b> for the period attributable to members	down	37%	to	(378)

<b>Dividends / distributions</b>	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

**Record date** for determining entitlements to the dividend

N/A

#### Explanation of Revenue

The company did not generate any revenue during the year. For a more detailed explanation please refer to the attached audited financial report.

#### Explanation of Loss from ordinary activities after tax

The financial year reports a loss of (\$377,791) compared to a loss of (\$599,711) in the prior year. For a more detailed explanation please refer to the attached audited financial report.

#### Explanation of Net Loss

See above: explanation of loss from ordinary activities after tax. For a more detailed explanation please refer to the attached audited financial report.

#### NTA Backing

	2013	2012
Net tangible asset/(liability) backing per ordinary share (cents per share)	(7.16)	(12.80)*

\*Note that the prior year's number of shares has been adjusted for the 100:1 share consolidation which took place on 22 April 2014.

**CONNEXION MEDIA LIMITED**  
(Formerly known as ECSI Limited)

ABN 68 004 240 313

**ANNUAL REPORT**

**30 JUNE 2014**

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## Corporate Information

<b>Directors</b>	Mr George Karafotias – Executive Chairman & CEO Mr Ashley Kelly – Director Mr Eric Jiang – Non-Executive Director
<b>Company Secretary</b>	Mr George Karafotias
<b>Registered Office</b>	Suite 2, Level 17, 499 St Kilda Road MELBOURNE VIC 3004
<b>Auditors</b>	William Buck Level 20, 181 William Street MELBOURNE VIC 3000
<b>Bankers</b>	Commonwealth Banking Corporation Limited
<b>Stock Exchange</b>	Australian Stock Exchange 20 Bridge Street SYDNEY NSW 2000
<b>Stock Code</b>	'CXZ'
<b>Share Register</b>	Boardroom Pty Ltd Level 7, 207 Kent Street SYDNEY NSW 2000

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## Directors' Report

Your directors present their report on Connexion Media Limited (formerly known as ECSI Limited) for the financial year ended 30 June 2014.

### Information on directors

The names and details of the company's directors holding office at anytime during or since the end of the year are as follows:

#### Executive Chairman

**George Karafotias, B Com.**

Mr Karafotias was appointed as Executive Chairman of Connexion Media Limited (formerly known as ECSI Limited) on 4 March 2011. Mr George Karafotias was also appointed as 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.

- Interest in shares and options: 516,656 ordinary shares, nil options.

#### Director

**Mr Ashley Kelly, B Com**

Mr Kelly was appointed a Director of Connexion Media Limited (formerly known as ECSI Limited) on 14 February 2012.

Mr Kelly is State Manager and Senior Advisor for Bell Potter Securities, and a responsible executive for the ASX. He has 15 years experience advising private, sophisticated and professional investors on the ASX. Mr Kelly began his career at Deutsche Bank, moving to Hartley's and then finally Bell Potter. Mr Kelly has experience in Australian Equities, Portfolio Management, Capital Raising, Seed Offerings, Seed Placings, IPOs and Fixed Interest products.

- Interest in shares and options: 12,000,000 ordinary shares, nil options.

#### Non-Executive Director

**Eric Jiang, B Com.**

Mr Jiang was appointed as a Non-Executive Director of Connexion Media Limited (formerly known as ECSI Limited) on 4 March 2011.

Mr Jiang has completed a Bachelor of Commerce (Honours) at Monash University and is a member of the Golden Key International Honours Society. He has over 10 years experience in the financial services industry providing financial advice to retail and corporate clients. Mr Jiang has held several management positions with financial advisory firms as well as building a substantial retail advice practice. Mr Jiang is currently a director of listed company Perpetual Resources Limited from (29 November 2011).

- Interest in shares and options: Nil ordinary shares, nil options.

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**Non-Executive Director**

**Jeffrey Hua Yuen Tan** *B. Bus Univ SA*

Jeffrey was appointed as a Non-Executive Director of Connexion Media Limited (formerly known as ECSI Limited) on 24 March 2010 and resigned 24 February 2014.

Jeffrey holds a Bachelor of Business from the University of South Australia. He has 16 years experience in equities and derivatives markets and client portfolio advisory role. Jeffrey has also facilitated resource and property projects in China and Vietnam, with forays into commercial property development.

Jeffrey is a Director of Fraden Projects Australia Pty Ltd, a company of foreign project management consultants that facilitated the development of a USD \$300 million Yen So Project in Hanoi with the local government and Gamuda Berhad. As Director, he also facilitated the acquisitions and development of private ventures in China's Heilongjiang and Jilin provinces.

He lives in Adelaide, Australia.

Jeffrey is a director in Atech Holdings Limited.

- Interest in shares and options: Nil ordinary shares, nil options.

**Non-Executive Director**

**Wilton Yao**, *BA*

Mr Yao was appointed as a Non-Executive Director of Connexion Media Limited (formerly known as ECSI Limited) on 4 May 2010. Mr Yao resigned as director on 30 January 2014.

Mr Yao has been involved in the business broking industry for more than 10 years and specialises in franchise recruitment and development. He has worked with a number of franchise firms to develop franchise businesses for both local and international markets. Mr Yao has also been involved in managing several retail and franchise businesses for many years and has great experience and knowledge in management and marketing. Mr. Yao has strong connections with overseas investors, especially from mainland China and he has worked closely with Australian Government organisations and local companies to promote successful investment projects for Chinese investors. He served on the Board of one ASX listed company (RKS Consolidated Limited), focusing on project exploring and seeking investment funds from overseas investors.

- Interest in shares and options: Nil ordinary shares, nil options.

**Principal activities**

The principal activity of the company during the financial year was investing and conducting due diligence activities in Australia. There are no significant changes in the nature of the principal activities from last year.

### **Review of operations, going concern, financial position, subsequent events, contracts with key management personnel, future developments and significant changes in affairs**

For the year ended 30 June 2014 the company incurred an operating loss of \$377,791 and had a net deficiency of assets totalling \$730,842. As at 30 June 2014 all liabilities with the exception of the secured loan were at call and payable. Notwithstanding this, the directors have prepared the accompanying financial statements on a going concern basis for the following reasons:

#### *Approval of the Deed of Company Arrangement*

On 12 June 2013 the directors announced that the company was placed into voluntary administration on 11 June 2013. At this date, the responsibility for the management and administration of the company passed from the company's directors to the appointed administrator, Giovanni Carello of BRI Ferrier from Western Australia. On 2 September 2013 Mr. Carello wrote to the company's creditors, recommending a Deed of Company Arrangement (DOCA), which would see the creditor claims resolved and paid out in order for the company to exit its voluntary administration and recommence trade under its former directors. The DOCA included a proposal whereby those claims would be funded through a \$200,000 DOCA loan from Mi Media Holdings Limited that would be subsequently converted to the issue of 300m ordinary shares upon shareholder ratification (refer below).

In September 2013, the creditors voted in favour of the proposed DOCA transaction. At this date, a line of credit for the \$200,000 loan was advanced to the company. Furthermore, convertible note holders (as described in note 5 to the financial statements) elected to activate the equity conversion clauses written into their convertible note agreements. In addition the loan holder (also described in Note 5) voted to extend the maturity of the outstanding loan, which was in technical default from the date that the company went into voluntary administration, to January 2015. It is for these reasons that the convertible notes and the secured loan as disclosed in Note 5 to the financial statements were specifically excluded from the DOCA process.

The vote of the creditors which required the approval for the issue of ordinary shares was ratified by shareholders at a general meeting on 30 January 2014. Resolutions put forward ahead of the meeting, including the conversions of the DOCA loan and convertible notes into 300m and 150m ordinary shares respectively were passed successfully. The distributions from the DOCA loan were made to creditors on 19 February 2014, and on 24 February 2014 the company exited from voluntary administration and control of the operations of the company reverted back to the company's directors.

#### *A proposed reverse takeover transaction with the Mi Media Holdings Limited Group and Prospectus*

The company has signed a Share Sale Agreement with an unlisted public company, Mi Media Holdings Limited and its subsidiary company, MiRoamer Pty Ltd (together, Mi Media) with the intention of entering into a reverse takeover transaction. Mi Media is a start-up technology provider that develops business media solutions specialising in consumer electronic products to access a collection of internet media from a single source. Mi Media, through its subsidiary MiRoamer Pty Ltd, has signed non-exclusive contracts with major automotive manufacturers. From these arrangements, Mi Media will have access to intellectual property of considerable value that may be on-sold, leased or used as collateral in obtaining debt financing. The transaction is structured so that Connexion Media Limited will acquire MiRoamer by issuing 45m shares to the shareholders of Mi Media Holdings Limited, the parent company of MiRoamer; in turn Mi Media Holdings Limited will divest its MiRoamer subsidiary to Connexion Media Limited. With the exception of brokerage and transaction costs (which form part of the Replacement Prospectus described below), which are expected to be approximately \$380,000, the entire transaction will be effected through the exchange of scrip between the contracting parties. Were the transaction with Mi Media to complete successfully, this source of cash inflows could then be used to support Connexion Media Limited (formerly known as ECSI Limited) as it will be part of the group ultimately controlled by Mi Media following the reverse takeover transaction.

Having completed the DOCA process, Connexion Media Limited (formerly known as ECSI Limited) lodged a Prospectus on 28 April 2014, which was subsequently replaced by Replacement Prospectus and supplementary Prospectus, in order to issue share capital with a minimum of \$3m and a maximum of \$6m. The transaction and share issue under the Prospectus were ratified by shareholders at a general meeting on 22 April 2014 prior to the release of the Prospectus. At this date, the company changed its name from ECSI Limited to Connexion Media Limited.

Subsequent to 30 June 2014, the directors of Connexion Media Limited (formerly known as ECSI Limited) announced to the market that it had successfully issued the share capital with the necessary spread requirements by obtaining share subscription application monies for \$3,246,864, or 16,234,320 ordinary fully paid shares. It is anticipated that the company will meet the remaining requirements for achieving quotation on the Australian Securities Exchange and finalising the transaction with Mi Media over the coming weeks.

### **Impact of environmental legislation**

The Directors confirm that there are no particular environmental obligations to which the company is subject to, outside of the usual common law and legislative requirements.

### **Indemnification and insurance of directors and officers**

The company's constitution provides for an indemnity of Directors and Officers where liability is incurred in or arising out of the conduct of the business of the company or in or arising out of the discharge of the duties of the Director or Officer, unless the liability was incurred as a result of their dishonesty, negligence, lack of good faith or breach of duty. The indemnification will also meet the full amount of any such liabilities, including legal fees, incurred in defending any proceedings or appearing before any court, tribunal, government authority or otherwise. The company's constitution allows for the payment of a premium providing insurance against liability arising out of the conduct of the business of the company or in or arising out of the discharge of the duties of the Director or Officer. To date no such premiums have been paid due to the inability to secure such insurance at reasonable cost.

### **Remuneration report (audited)**

#### **A. Principles used to determine the nature and amount of remuneration**

The Board of Directors is responsible for determining and reviewing compensation arrangements for its Directors. The Board assesses the appropriateness of the nature and amount of emoluments of its Directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amounts approved by shareholders from time to time. This maximum is currently set at \$250,000. For the year ended 30 June 2014 none of the Directors received any remuneration. The amount paid to Wilton Yao and Jeffrey Tan from the prior year accrued benefits was negotiated separately through the DOCA process and was not linked to Company performance.

Details of the nature and amount of each element of the emolument of each member of Key Management Personnel are set out below:

#### **B. Details of remuneration**

During the year, there was no remuneration paid or accrued to directors (2013: total of \$157,000 of which \$88,550 was accrued to Wilton Yao and \$69,000 to Jeffrey Tan which were settled through the DOCA in January 2014).

**B. Details of remuneration (cont'd)**

**(a) Shareholdings of Key Management Personnel**

	Balance at 1 July 2013 / date of appointment	Off-market purchase	Net change other	Balance 30 June 2014 / date of resignation
	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
<b>Key management personnel</b>				
J. Tan	-	-	-	-
G. Karafotias	516,656	-	-	516,656
A. Kelly	12,000,000	-	-	12,000,000
E. Jiang	-	-	-	-
W. Yao	-	-	-	-
<b>Total</b>	<b>12,516,656</b>	<b>-</b>	<b>-</b>	<b>12,516,656</b>

	Balance at 1 July 2012 / date of appointment	Off-market purchase	Net Change other	Balance 30 June 2013 / date of resignation
	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
<b>Key management personnel</b>				
J. Tan	-	-	-	-
G. Karafotias	516,656	-	-	516,656
A. Kelly	12,000,000	-	-	12,000,000
E. Jiang	-	-	-	-
W. Yao	-	-	-	-
<b>Total</b>	<b>12,516,656</b>	<b>-</b>	<b>-</b>	<b>12,516,656</b>

**C. Service Agreements**

The Company does not have formal service agreements with its Directors. It does not have employees.

**D. Share based Compensation**

The Company does not have formal agreements currently with its Directors and Company Secretary to provide share based compensation. The Company currently does not have any employees.

This concludes the remuneration report, which has been audited.

### Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Name	Board Meetings	
	Held (a)	Attended (b)
Mr J. Tan	2	1
Mr A. Kelly	6	5
Mr G. Karafotias	6	6
Mr E. Jiang	6	5
Mr W. Yao	2	-

(a) Number of meetings held during the time the Director held office during the period

(b) Number of meetings attended

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

### Non-audit services

During the year, the auditors of the company, William Buck, prepared an investigating accountant's report for remuneration of \$4,000 (2013: \$21,180, for both an investigating accountant's report and taxation compliance). The directors have reviewed these services and have determined that they do not compromise the independence of the auditor in continuing to provide audit services.

### Options

As at 30 June 2014 and up to the date of this report there are no other share options on issue. No share options were granted or issued during the year.


Connexion Media Limited  
(Formerly known as ECSI Limited)  
ABN 68 004 240 313

ANNUAL REPORT - 30 June 2014

### Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found attached to this report.

Signed in accordance with a resolution of the directors.



George Karafotias

Director

Melbourne, 25<sup>th</sup> August 2014

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CONNEXION MEDIA LIMITED (FORMERLY KNOWN AS ECSI LIMITED)**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2014 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

*J.C. Luckins*

**J.C. Luckins**  
Director

Dated this 25 day of August, 2014

**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](http://williambuck.com)

## Statement of Comprehensive Income

Year ended 30 June 2014

	Note	2014 \$	2013 \$
Administrative and corporate expenses		(456,594)	(324,734)
Employment costs and directors' fees	9	147,500	(157,994)
Finance costs		(37,359)	(28,062)
Impairment charge	5	(22,773)	(53,693)
Occupancy costs		(8,565)	(35,228)
<b>Loss before income tax</b>		<b>(377,791)</b>	<b>(599,711)</b>
Income tax expense	3	-	-
<b>Loss for the year attributable to members of the company</b>		<b>(377,791)</b>	<b>(599,711)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year attributable to members of the company</b>		<b>(377,791)</b>	<b>(599,711)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)		(5.03)	(10.51)
Weighted average number of shares used in determining basic and diluted loss per share. Note that the effect of convertible notes has been excluded from the calculation of diluted earnings per share as they are anti-dilutive. Note that the prior year's weighted average number of shares has been adjusted for the 100:1 share consolidation which took place on 22 April 2014.		7,505,364	5,705,364

The accompanying notes form part of these financial statements

## Statement of Financial Position

As at 30 June 2014	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	7(b)	-	7,897
Other current assets	4	-	-
<b>Total current assets</b>		<u>-</u>	<u>7,897</u>
<b>Total assets</b>		<u>-</u>	<u>7,897</u>
<b>Current liabilities</b>			
Unsecured trade and other payables		181,544	258,000
Financial Liabilities	5	549,298	479,872
<b>Total current liabilities</b>		<u>730,842</u>	<u>737,872</u>
<b>Total liabilities</b>		<u>730,842</u>	<u>737,872</u>
<b>Net deficiency of assets</b>		<u>(730,842)</u>	<u>(729,975)</u>
<b>Equity</b>			
Issued capital	6	93,857,774	93,480,850
Accumulated losses		(94,588,616)	(94,210,825)
<b>Total equity</b>		<u>(730,842)</u>	<u>(729,975)</u>

The accompanying notes form part of these financial statements

## Statement of Changes in Equity

Year ended 30 June 2014

	Note	Issued Capital \$	Accumulated Losses \$	Total \$
As at 30 June 2012		93,480,850	(93,611,114)	(130,264)
Total comprehensive loss for the year		-	(599,711)	(599,711)
As at 30 June 2013		93,480,850	(94,210,825)	(729,975)
Total comprehensive loss for the year		-	(377,791)	(377,791)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the year	6(a)	376,924	-	376,924
Total transactions with owners in their capacity as owners		376,924	-	376,924
As at 30 June 2014		93,857,774	(94,588,616)	(730,842)

The accompanying notes form part of these financial statements

## Statement of Cash Flows

Year ended 30 June 2014	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(7,897)	(350,635)
<b>Net cash used in operating activities</b>	7(a)	<u>(7,897)</u>	<u>(350,635)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of convertible notes		-	50,000
Proceeds from secured loans		-	296,500
<b>Net cash provided by financing activities</b>		<u>-</u>	<u>346,500</u>
<b>Net decrease in cash and cash equivalents held</b>		(7,897)	(4,135)
Cash and cash equivalents at the beginning of financial year		7,897	12,032
<b>Cash and cash equivalents at the end of the financial year</b>	7(b)	<u>-</u>	<u>7,897</u>

The accompanying notes form part of these financial statements

## Notes to the Financial Statements

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These are the financial statements of Connexion Media Limited (formerly known as ECSI Limited) for the year ended 30 June 2014. Connexion Media Limited (formerly known as ECSI Limited, the "company") is a listed public company, incorporated and domiciled in Australia.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001.

### Basis of preparation

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs and apply the going concern assumption.

### Going concern and subsequent events

These financial statements have been prepared on a going concern basis notwithstanding that for the year ended 30 June 2014 the company incurred an operating loss of \$377,791 and had a net deficiency of assets totalling \$730,842. As at 30 June 2014 all liabilities with the exception of the secured loan were at call and payable. Notwithstanding this, the directors have prepared the accompanying financial statements on a going concern basis for the following reasons:

#### *Approval of the Deed of Company Arrangement*

On 12 June 2013 the directors announced that the company was placed into voluntary administration on 11 June 2013. At this date, the responsibility for the management and administration of the company passed from the company's directors to the appointed administrator, Giovanni Carello of BRI Ferrier from Western Australia. On 2 September 2013 Mr. Carello wrote to the company's creditors, recommending a Deed of Company Arrangement (DOCA), which would see the creditor claims resolved and paid out in order for the company to exit its voluntary administration and recommence trade under its former directors. The DOCA included a proposal whereby those claims would be funded through a \$200,000 DOCA loan from Mi Media Holdings Limited that would be subsequently converted to the issue of 300m ordinary shares upon shareholder ratification (refer below).

In September 2013, the creditors voted in favour of the proposed DOCA transaction. At this date, a line of credit for the \$200,000 loan was advanced to the company. Furthermore, convertible note holders (as described in note 5) elected to activate the equity conversion clauses written into their convertible note agreements. In addition the loan holder (also described in Note 5) voted to extend the maturity of the outstanding loan, which was in technical default from the date that the company went into voluntary administration, to January 2015. It is for these reasons that the convertible notes and the secured loan as disclosed in Note 5 were specifically excluded from the DOCA process.

The vote of the creditors which required the approval for the issue of ordinary shares was ratified by shareholders at a general meeting on 30 January 2014. Resolutions put forward ahead of the meeting, including the conversions of the DOCA loan and convertible notes into 300m and 150m ordinary shares respectively were passed successfully. The distributions from the DOCA loan were made to creditors on 19 February 2014, and on 24 February 2014 the company exited from voluntary administration and control of the operations of the company reverted back to the company's directors.

#### *A proposed reverse takeover transaction with the Mi Media Holdings Limited Group and Prospectus*

The company has signed a Share Sale Agreement with an unlisted public company, Mi Media Holdings Limited and its subsidiary company, MiRoamer Pty Ltd (together, Mi Media) with the intention of entering into a reverse takeover transaction. Mi Media is a start-up technology provider that develops business media solutions specialising in consumer electronic products to access a collection of internet media from a single source. Mi Media, through its subsidiary MiRoamer Pty Ltd, has signed non-exclusive contracts with major automotive manufacturers. From these arrangements, Mi Media will have access to intellectual property of considerable value that may be on-sold, leased or used as collateral in obtaining debt financing. The transaction is structured so that Connexion Media Limited will acquire MiRoamer by issuing 45m shares to the shareholders of Mi Media Holdings Limited, the parent company of MiRoamer; in turn Mi Media Holdings Limited will divest its MiRoamer subsidiary to Connexion Media Limited. With the exception of brokerage and transaction costs (which form part of the Replacement Prospectus described below), which are expected to be approximately \$380,000, the entire transaction will be effected through the exchange of scrip between the contracting parties. Were the transaction with Mi Media to complete successfully, this source of cash inflows could then be used to support Connexion Media Limited (formerly known as ECSI Limited) as it will be part of the group ultimately controlled by Mi Media following the reverse takeover transaction.

## **Notes to the Financial Statements**

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Having completed the DOCA process, Connexion Media Limited (formerly known as ECSI Limited) lodged a Prospectus on 28 April 2014, which was subsequently replaced by Replacement Prospectus and supplementary Prospectus, in order to issue share capital with a minimum of \$3m and a maximum of \$6m. The transaction and share issue under the Prospectus were ratified by shareholders at a general meeting on 22 April 2014 prior to the release of the Prospectus. At this date, the company changed its name from ECSI Limited to Connexion Media Limited.

Subsequent to 30 June 2014, the directors of Connexion Media Limited (formerly known as ECSI Limited) announced to the market that it had successfully issued the share capital with the necessary spread requirements by obtaining share subscription application monies for \$3,246,864, or 16,234,320 ordinary fully paid shares. It is anticipated that the company will meet the remaining requirements for achieving requoteation on the Australian Securities Exchange and finalising the transaction with Mi Media over the coming weeks.

Based upon these points, the directors believe that the company will have access to sufficient working capital reserves that it requires in order to meet its business forecast plans. Consequently, financial report does not contain any adjustments relating to the recoverability and classification of recorded assets nor to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

### **Accounting Policies**

#### **(a) Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

#### **(b) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts

#### **(c) Financial Instruments**

Financial instruments, incorporating financial assets and liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs, and thereafter, with an exception for financial instruments with a fixed equity conversion feature, at amortised cost.

When a financial liability features a fixed equity conversion feature, upon initial recognition it is classified as a liability when a contractual clause exists that requires a repayment of the instrument in cash. Upon satisfaction of this condition, the liability component is measured at fair value with the residual value, representing the conversion feature, in equity. When there is no reliable evidence for the fair value of the liability component, the market interest rate of the liability component is assumed to equal the coupon interest rates quoted in the financial liability.

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## Notes to the Financial Statements

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### 1. Statement of significant accounting policies (cont'd)

#### (d) Trade and other payables

Liabilities for trade payables, accruals and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

#### (e) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (f) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### (g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (h) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### Key Judgement

##### *Recognition of input tax receivable from the Australian Taxation Office*

For detailed commentary concerning the company's assessment of the recoverability of its goods and services tax input credits from the Australian Taxation Office, refer to note 4.

#### (i) New, revised or amending Accounting Standards and Interpretations adopted

The company 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company. The following Accounting Standards and Interpretations are most relevant to the company:

#### (ii) New, revised or amending Accounting Standards and Interpretations adopted

##### *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The company has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

##### *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

The Company has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

## Notes to the Financial Statements

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### 1. Statement of significant accounting policies (cont'd)

#### (j) 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 Company for the annual reporting period ended 30 June 2014. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

##### *AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Company will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the Company.

## Notes to the Financial Statements

	2014	2013
	\$	\$
<b>2. Auditor's remuneration</b>		
Remuneration of the auditor, William Buck for:		
- Auditing and reviewing the financial report	19,200	14,000
- Taxation and compliance	-	14,180
- Investigating accountant's report	4,000	7,000
	<u>23,200</u>	<u>35,180</u>

### 3. Income tax

There was no current income tax expense for the year ended 30 June 2014 (2013: \$nil) due to the loss from operations.

Tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income.

Due to the inherent uncertainty whether or not the company's existing losses can be used going forward, which will be dependent upon satisfaction of the "same business test" as required by the Australian Tax Office, the directors have not estimated the potential carry-forward loss tax credits available to the company.

### 4. GST input tax credits which are a contingent asset of the company

The company has \$22,773 in input tax credits which may be available upon successful lodgment of its outstanding business activity statements (2013: \$53,693). Consistent with its prior year accounting treatment, the directors have determined that the recognition of these tax credit assets will occur only upon lodgment of those outstanding GST claims. Due to this fact, the entitlement to input tax credits is a contingent asset of the company.

### 5. Financial liabilities

	2014	2013
	\$	\$
Convertible notes (i)	-	57,264
Convertible notes (ii)	-	57,264
Convertible notes (ii)	-	54,105
	<u>-</u>	<u>168,633</u>
Secured loan (iii)	313,631	311,239
Loan owing to Mi Media Holdings Limited - unsecured (iv)	235,667	-
	<u>549,298</u>	<u>479,872</u>

#### *Convertible Notes (i)*

The Company signed a secured Convertible Notes Agreement dated 20th October 2011 and on this date drew down a principal of \$50,000.

#### *Convertible Notes (ii)*

The Company signed convertible notes agreements dated 20th October 2011 and 6th July 2012 and on these dates drew down tranches of \$50,000 each. These convertible notes were unsecured.

## Notes to the Financial Statements

### 5. Financial liabilities (continued)

All Convertible Notes described in points (i) and (ii) above were converted to 150,000,000 ordinary shares at the fair value of \$176,924 during the financial year. This fair value was equivalent to the amortised cost of the convertible notes at the date of conversion. In-addition, the charge which existed in the convertible notes described in point (i) was extinguished upon conversion.

#### *Secured loan (iii)*

On 20 January 2013 the company entered into a loan agreement, which entitled the company to an advance of \$296,500 on this date. The loan accrues interest at 11% per annum. Upon the first anniversary of the loan, it may be either called by the borrower, at the borrower's discretion, or rolled into another 12-month loan agreement, accruing interest however at 12% per annum. There is no share conversion option attached to the loan. The loan is secured by a registered charge over the company's real and intangible property. During the year the company extended the loan maturity date for a further 12 months to January 2015.

#### *Loan owing to Mi Media Holdings Limited (iv)*

The loan owing to Mi Media Holdings Limited, drawn down from an underlying \$200,000 facility and was unsecured, interest free and payable at call. During the financial year, the company issued 300,000,000 ordinary shares to Mi Media to settle the original loan. After the shares were issued, Mi Media paid an additional \$235,667 of expenses on behalf of the company under the same terms and conditions as the original loan.

For details concerning the conversion of the convertible notes and loan owing to Mi Media Holdings Limited into ordinary shares, refer to Notes 1, 6(a) and 7(c).

### 6. Issued capital

	2014		2013	
	No	\$	No	\$
Opening balance	570,536,387	93,480,850	570,536,387	93,480,850
Shares issued to convertible note holder	150,000,000	176,924	-	-
Shares issued to Mi Media Holdings Limited	300,000,000	200,000	-	-
100:1 share consolidation approved at the AGM on 22 April 2014	(1,010,350,937)	-	-	-
Closing balance	10,185,450	93,857,774	570,536,387	93,480,850

#### (a) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. Ordinary shares have no par value and the company does not have a limited amount of authorised share capital.

Each year the company is able to issue up to a maximum of 15% of its issued ordinary shares under placement without the prior consent of shareholders.

#### (b) Options over ordinary shares

As at 30 June 2014 there are no other share options on issue (2013: nil).

#### (c) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital. During the financial year the Company continued to fund its working capital needs through the issue of convertible notes and secured loans.

## Notes to the Financial Statements

	2014	2013
	\$	\$
<b>7. Cash flow information</b>		
<b>(a) Reconciliation of loss after tax to cash flows from operations</b>		
Profit/(loss) after income tax	(377,791)	(599,711)
<i>Non-cash flow in profit (loss)</i>		
Shares issued to repay loan from Mi Media Holdings Limited	200,000	-
Accrued interest on convertible notes and loans	8,291	28,972
<i>Changes in assets and liabilities</i>		
(Decrease)/increase in trade and other payables	(76,456)	220,104
(Decrease)/increase in loans from Mi Media Holdings Limited	238,059	-
Cash flow from operating activities	<u>(7,897)</u>	<u>(350,635)</u>
<b>(b) Reconciliation of cash and cash equivalents</b>		
Cash balance comprises:		
- Cash at bank	-	7,897
<b>(c) Non-cash investing and financing activities</b>		
Shares issued to convertible notes holders	176,924	-

### 8. Commitments and contingent assets and liabilities

With the exception of the matter referred to in note 4, the company currently has no commitments or contingent assets or liabilities at the date of signing this report (2013: Nil).

### 9. Key management personnel compensation and related party transactions

#### *Details of Key Management Personnel*

G. Karafotias	CEO
A. Kelly	Director (executive)
J. Tan	Director (non-executive, resigned 24 February 2014)
E. Jiang	Director (non-executive)
W. Yao	Director (non-executive, resigned 30 January 2014)

#### *Compensation Practices and Remuneration Paid to Key Management Personnel*

The Board of Directors of Connexion Media Limited (formerly known as ECSI Limited) is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments to its Directors on a periodic basis by reference to relevant market conditions.

During the year, there was no remuneration paid or accrued to directors (2013: total of \$157,000 of which \$88,550 was accrued to Wilton Yao and \$69,000 to Jeffrey Tan which were settled through the Deed of Company Arrangement in January 2014).

#### *Other transactions and balances with key management personnel*

During the year the company paid rent to Perpetual Consultants Pty Ltd, which is associated with Eric Jiang and George Karafotias. Total rent paid exclusive of GST was \$8,565 (2013: \$19,235).

## **Notes to the Financial Statements**

### **10. Segment reporting**

The company operated in one business and geographic segment during the current reporting period that being investing and due diligence activities in Australia.

### **11. Financial instruments**

The Company's principal financial instruments consist of cash and cash equivalents, accounts payable liabilities and convertible notes incurred in the course of operations as disclosed in the financial statements.

The company is has one material risk arising from its financial instruments - liquidity risk.

#### **Treasury Risk Management**

The management of treasury activities is centralised and governed by policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies and performance measurement

#### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Company's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Company monitors its cash requirements and raises equity funding as and when appropriate to meet such planned requirements.

For details concerning the company's liquidity profile refer to Note 1 Going Concern.

#### **Fair Value**

The carrying amount of financial instruments in the statement of financial position is considered a reasonable approximation of their fair value.

## Directors' Declaration

The directors of the company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standards and Corporations Regulations 2001, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



**George Karafotias**

Director

Melbourne

25<sup>th</sup> August 2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNEXION MEDIA LIMITED (FORMERLY KNOWN AS ECSI LIMITED)

### Report on the Financial Report

We have audited the accompanying financial report of Connexion Media Limited (formerly known as ECSI Limited) which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *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 1, 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.

CHARTERED ACCOUNTANTS  
& ADVISORS

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Melbourne VIC 3000

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Hawthorn East VIC 3123

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNEXION MEDIA LIMITED (FORMERLY KNOWN AS ECSI LIMITED) (CONT)***Independence*

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

*Auditor's Opinion*

In our opinion:

- a) the financial report of Connexion Media Limited (formerly known as ECSI Limited) is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2014 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 1.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of \$377,791 during the year ended 30 June 2014 and, as of that date, the entity's current liabilities exceeded its total assets by \$730,842. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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 (formerly known as ECSI Limited) for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNEXION MEDIA LIMITED (FORMERLY KNOWN AS ECSI LIMITED) (CONT)***Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report of Connexion Media Limited (formerly known as ECSI Limited)'s for the year ended 30 June 2014 included on Connexion Media Limited (formerly known as ECSI Limited)'s web site. The company's directors are responsible for the integrity of the Connexion Media Limited (formerly known as ECSI Limited)'s web site. We have not been engaged to report on the integrity of the Connexion Media Limited (formerly known as ECSI Limited)'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

  
**J.C. Ludkins**  
Director

Dated this 25 day of August, 2014

## Additional Information

**(a) Distribution of equity securities at 19 August 2014**

The number of shareholders, by size of holding are:

		Ordinary Shares		
		Number of holders	Number of shares	
1 -	823	200,040	1.964	
1,000				
1,001 -	154	378,576	3.717	
5,000				
5,001 -	37	296,998	2.916	
10,000				
10,001 -	83	2,654,692	26.064	
100,000				
100,001 and over	12	6,655,144	65.340	
	<u>1,109</u>	<u>10,185,450</u>	<u>100.00</u>	

**(b) Twenty largest shareholders at 19 August 2014**

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	MI Media Holdings Ltd	3,800,000	33.317
2	Soon Jeung Yuen	500,000	4.384
3	Molly Kelly	500,000	4.384
4	Chancery Holdings Pty Ltd < McKenzie No2 Super Func A/C >	500,000	4.384
5	Nationally Nominees Ltd < DB A/C >	500,000	4.384
6	Mr Graeme Allan Green < The Graeme Green S/F A/C >	349,190	3.062
7	HSBC Custody Nominees (Australia) Ltd	250,000	2.192
8	Mr Bin Liu	250,000	2.192
9	Ya Fang Duo Investment Pty Ltd < Zheng Family A/C >	189,745	1.664
10	Mrs Huijuan Teng	188,000	1.648
11	Xiao Bing Lu	160,000	1.403
12	Pershing Australia Nominees Pty Ltd < ACCUM A/C >	149,986	1.315
13	Mr Ashley Wayne Kelly & Miss Rebecca Mousley < The Molly Kelly S/F A/C >	120,000	1.052
14	Mrs Jean Percy	120,000	1.052
15	Dalian Develop Zone Guang Shun Economical Trade Co Ltd	117,097	1.027
16	ABN Amro Clearing Sydney Nominees Pty Ltd < Custodian A/C >	111,112	0.974
17	Wu Hua Auction Company Ltd	100,000	0.877
18	Liao Ning Construction Group Ltd	100,000	0.877
19	Mr Zhongming Wu	90,000	0.789
20	Mr Ross Stanley Sutherland & Mrs Carolyn Anne Sutherland < Joe & Co Group S/Fund A/C >	80,000	0.701
		<u>8,175,130</u>	<u>71.677</u>

**(c) Substantial shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
MI Media Holdings Ltd	3,800,000

**(d) Restricted securities - There are no restricted securities on issue.**

**(e) Voting rights**

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The options carry no voting rights until redeemed into ordinary shares of the company.

**(f) Distribution of options at 19 August 2014**

There are currently no options on issue.

## Corporate Governance Statement

### 1. Our approach to corporate governance

#### 1a) Framework and approach to corporate governance and responsibility

The Board of Connexion Media Limited (Administrator Appointed) ('ECSI') is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities – values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

The Corporate Governance statement has been updated to reflect the revised Principles and Recommendations required to be used in Annual Reports for the 30 June 2014 Financial Year.

#### 1b) Compliance with the ASX Corporate Governance Principles and Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Governance Statement describes Connexion Media Limited's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

### 2. Date of this statement

This statement reflects our corporate governance policies and procedures as at 30 June 2014.

### 3. The Board of Directors

#### 3a) Membership and expertise of the Board

-The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Director's backgrounds, is set out in the Directors Report which is included in this Annual Report.

#### 3b) Board role and responsibility

The Board is accountable to shareholders for Connexion Media Limited's performance.

In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluating future Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO");
- setting CEO and Director remuneration within shareholder approved limits;
- approving budget and monitoring management and financial performance;
- considering and approving Annual Financial Report (including the Directors' Declaration) and the interim and final financial statements);
- approving Connexion Media Limited's risk management strategy, monitoring its effectiveness and maintaining a direct and ongoing dialogue with Connexion Media Limited's auditors and regulators; and
- considering and reviewing the social and ethical impact of Connexion Media Limited's activities, setting standards for social and ethical practices and monitoring compliance with Connexion Media Limited's social responsibility policies and practices.

## **Corporate Governance (continued)**

### **3. The Board of Directors (continued)**

#### **3b) Board role and responsibility (continued)**

The Board would normally delegate to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Connexion Media Limited's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget; and
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board.

However the current circumstances require all these functions to be exercised by the Board Members or the Company Secretary. The company does not currently have a performance evaluation method due to the current size and limited nature of operations.

#### **3c) Board size and composition**

The Board determines its size and composition, subject to the limits imposed by Connexion Media Limited's Constitution. The Constitution requires a minimum of three and a maximum of 10 Directors. In addition, at least two of the Directors shall ordinarily reside within Australia. Currently the Board consists of five directors, all of which are Australian residents. The board supports the principles of diversity, however due to the size and scale of the company's operations it has no female representative, either on the board or in its workforce.

#### **3d) The selection and role of the Chairman**

The Chairman is selected by the Board from the Non-executive Directors.

The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of Board Directors.

The company does not currently comply with the requirement that the Chairman be an independent director, as he the Chief Executive Officer. However, the board believes that it is appropriate given his skills and experience and the size and structure of the board.

#### **3e) Directors' independence**

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with Connexion Media Limited, either directly, or as a partner, shareholder or officer of a company or other Company that has an interest, or a business or other relationship, with Connexion Media Limited or another Connexion Media Limited group member. Presently the Board has three non-executive directors (out of a total of five) which meet this independence criteria.

#### **3f) Avoidance of conflicts of interest by a Director**

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

#### **3g) Meetings of the Board and their conduct**

Meetings of the Board happen when and as appropriate. Details of Board meetings held and attended are tabled in the Directors' Report, which forms part of this annual report.

#### **3h) Succession planning**

The Board plans succession of its own members taking into account the skills, experience and expertise required and currently represented, and Connexion Media Limited's future direction. The Board is also responsible for CEO and CFO succession planning.

## **Corporate Governance (continued)**

### **3. The Board of Directors (continued)**

#### **3i) Review of Board performance**

The Board does not formerly review its overall performance or the performance of individual Directors. The performance of non-executive Directors (including the Chairman) is not subject to any formal review process due to the current size of the board.

Connexion Media Limited does not comply with ASX recommendations on this issue.

#### **3j) Nomination and appointment of new Directors**

Recommendations for nominations of new Directors are made by the Board as a whole. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election. Due to its scope and scale of operations, the company's Board does not comply with the requirement to have a Nomination Committee.

#### **3k) Retirement and re-election of Directors**

Connexion Media Limited's Constitution states that one-third of our Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

#### **3l) Compulsory retirement of Directors**

The Board has no limit on the number of terms of office which any Director may serve.

#### **3m) Board access to information and advice**

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports. Connexion Media Limited (Administrator Appointed) Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, Connexion Media Limited's Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at Connexion Media Limited's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

#### **3n) Securities Trading Policy**

Directors and employees are subject to the Corporations Act restrictions on trading securities in the Company if they are in possession of inside information. This is regarded as any information that is non-public and, if it were public that a reasonable person would expect to have a material effect on the price of the Company's securities.

In addition, the company has established a policy on the trading in Connexion Media Limited's securities, which applies to all Directors and employees. Key aspects of this policy are as follows:

- Directors and employees are encouraged to be long-term holders of the company's securities and are discouraged from any short-term trading;
- Directors and employees may trade shares for 4 weeks following announcement of the annual results, half-year results and the annual general meeting, provided the market has been fully informed. However a trading embargo of 2 days applies immediately after any significant announcement;
- Directors and employees need to ensure that the market is fully informed before they trade and to protect themselves should discuss the intended share trading with the Chairman or Company Secretary;
- Trading outside of the four-week period is required to be approved by the Chairman, prior to any transaction occurring. Generally, if the market is fully informed, the approval will be granted.
- Directors are required to notify the Company Secretary within 2 days of a change in their beneficial interest in the company's shares.
- Directors interest in the companies securities have not changed materially in the last 12 months.

## **Corporate Governance (continued)**

### **4. Board committees**

#### **4a) Board committees and membership**

There are currently no Board Committees. Connexion Media Limited does not comply with ASX recommendations on Board committees as Connexion Media Limited's current board size (a total of 5 Directors) and the limited number of independent Directors does not allow for separate Board Committees to be effective or to add value. All issues are considered by all the Directors, unless a Director is unable to exercise independence.

#### **4b) Audit Committee**

Connexion Media Limited does not have an Audit Committee and it does not comply with the respective recommendations regarding Audit Committees for the reasons outlined above.

#### **4c) Board Risk Oversight Committee**

Connexion Media Limited does not have a Board Risk Oversight Committee and it does not comply with this recommendation for the reasons outlined above.

#### **4d) Board Nominations Committee**

Connexion Media Limited does not have a Board Nominations Committee and any appointment would be considered by all directors. It does not comply with this recommendation for the reasons outlined above.

#### **4e) Board Remuneration Committee**

Connexion Media Limited does not have a Board Remuneration Committee and does not comply with ASX recommendations on this issue for the reasons outlined above.

Directors have been paid a fixed remuneration in the past, however currently no director's fees are being paid or are being accrued. Directors would in past years have been paid a directors fee for attending Board Meetings, as well as being able to claim for out-of-pocket expenses and any time spent on special issues.

Connexion Media Limited remuneration principle is that payments to non-executive Directors (as detailed in the Financial Statements) are fixed remuneration, reimbursement of expenses and time spent on specific issues. The executive Directors are paid for their executive duties at a negotiated rate in line with their qualifications and experience. Full details regarding remuneration are contained in the audited Remuneration Report in the Director's Statement of the Annual Report

### **5. Audit governance and independence**

#### **5a) Approach to audit governance**

The Board is committed to these basic principles:

- Connexion Media Limited must produce true and fair financial reports; and
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies.

#### **5b) Engagement and rotation of external auditor**

Connexion Media Limited's independent external auditor is William Buck.

#### **5c) Discussions with external auditor on independence**

The Board requires the external auditor to confirm that they have maintained their independence.

#### **5d) Relationship with external auditor**

Connexion Media Limited's current policies on employment and other relationships with our external auditor are:

- the audit partners and any audit firm employee on the Connexion Media Limited audit are prohibited from being an officer of Connexion Media Limited;
- an immediate family member of an audit partner or any audit firm employee on the Connexion Media Limited audit is prohibited from being a Director or an officer in a significant position at Connexion Media Limited;
- a former audit firm partner or employee on the Connexion Media Limited audit is prohibited from becoming a Director or officer in a significant position at Connexion Media Limited for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with Connexion Media Limited or any officer of Connexion Media Limited unless the relationship is clearly insignificant to both parties;

## **Corporate Governance (continued)**

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- the audit firm, its partners, its employees on the Connexion Media Limited audit and their immediate family members are prohibited from having a direct or material indirect investment in Connexion Media Limited;
- officers of Connexion Media Limited are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any Company with a controlling interest in Connexion Media Limited; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of Connexion Media Limited during that year.

### **5e) Restrictions on non-audit services by the external auditor**

The external auditor is not restricted in the provision of non-audit services to Connexion Media Limited except as required by the Corporations Act or the ASX Listing Rules.

### **5f) Attendance at Annual General Meeting**

Connexion Media Limited's external auditor attends the annual general meeting and is available to answer shareholder questions.

## **6. Controlling and managing risk**

### **6a) Approach to risk management**

Taking and managing risk are central to business and to building shareholder value. Connexion Media Limited's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links Connexion Media Limited's vision and values, objectives and strategies, and procedures and training. Due to the current size of the Company and its limited operations it is not appropriate to maintain a formal risk management structure.

### **6b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing Connexion Media Limited's risk management strategy and policy. The Company Secretary is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Connexion Media Limited's activities.

Connexion Media Limited does not comply with ASX recommendations on these issues as it does not have a formal verifiable system of risk management or any employees to implement such a system as it does not view this to be appropriate at the current time. It relies on the oversight of the Directors and the Company Secretary, together with the periodic verification of the external auditor.

### **6c) Company Secretarial assurance**

The Board receives periodic reports about the financial condition and operational results of Connexion Media Limited. The CEO & the CFO periodically provide formal statements to the Board that in all material respects:

- the company's periodic financial statements present a true and fair view of Connexion Media Limited's financial condition and operational results for those reporting periods, and
- that risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

## **7. Remuneration framework**

### **7a) Overview**

Director's remuneration is approved and fixed by shareholders. Connexion Media Limited does not currently pay its Directors and Company Secretary a fixed remuneration. These Officers can claim reimbursement of out-of-pocket expenses incurred on behalf of Connexion Media Limited and time spent on specific issues. The Company Secretary is paid for all his time on an hourly basis.

### **7 b) Officers Share Options**

There are no Officers Share Options (OSO) granted over un-issued shares to directors or executives as part of their remuneration. The issue of any options would require approval by Shareholders.

## **Corporate Governance (continued)**

## 8. Corporate responsibility and sustainability

### 8a) Connexion Media Limited's approach to corporate responsibility and sustainability

Connexion Media Limited's aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, Connexion Media Limited accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

### 8b) Connexion Media Limited's Code of Conduct

Connexion Media Limited currently does not have in operation a formerly adopted Code of Conduct that applies to all Directors, executives and employees without exception. The intension of such a Code is to govern workplace and human resource practices, risk management and legal compliance, and ensure alignment to the Shareholders interests.

The Directors of Connexion Media Limited believe their core values of teamwork, integrity and performance ensure ethical outcomes and the alignment of the shareholders and Boards interests.

The ASX recommendations require that the Code of Conduct is reviewed periodically, specifically to reflect the ASX Corporate Governance Principles and Recommendations.

Connexion Media Limited does not comply with ASX recommendations on this issue as the Board does not believe that a formal Code of Conduct is appropriate for the company at the current time. The Board however, endeavours to act ethically at all times, in line with its obligations under the Corporations Act and the ASX Listing Rules.

### 8c) Insider trading policy and trading in Connexion Media Limited shares

Both Directors and employees of a Corporation are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company (including Connexion Media Limited), if they are in possession of inside information. Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the company.

### 8d) Market disclosure policy and practices

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Connexion Media Limited is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfil continuous disclosure obligations to the broader market. Connexion Media Limited policy is designed to ensure compliance with ASX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of Connexion Media Limited's securities is disclosed.

Connexion Media Limited currently does not maintain its own web site and relies on communication in this medium on the ASX Company Announcements platform carrying all the relevant information. In this respect it does not comply with Principle 6, but as all information it would carry on a Company web-site is carried on the ASX site it does not believe its stakeholders are disadvantaged.