Connexion Media Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Connexion Media Limited
ABN:	68 004 240 313
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

For and on behalf of the Directors

David James Connolly
Executive Director
Dated: 31 August 2017

2. Results for announcement to the market

	Change $	%		2017 $
2.1 Revenues from ordinary activities	1,035,350	>100%	to	1,056,207
2.2 Revenue and other income	2,176,711	>100%	to	3,471,627
2.3 Loss from ordinary activities after tax attributable to the members of Connexion Media Limited	2,889,037	(42%)	to	3,971,672
2.4 Loss for the year attributable to the members of Connexion Media Limited	2,889,037	(42%)	to	3,971,672
2.5 Loss before interest, tax & depreciation (EBITDA)	3,002,703	(47%)	to	3,446,651

3. Net tangible assets per ordinary security

	Reporting Period Cents	Previous Period Cents
Net tangible assets per ordinary security	(5.39)	(3.36)

4. Details of entities over which control has been gained or lost during the period

No changes from previous period.

5. Details of individual and total dividends or distributions and dividend or distribution payments
Nil

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6. Details of dividend or distribution reinvestment plans in operation
Nil

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7. Details of associates and joint venture entities
Nil

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8. Foreign entities
Details of origin of accounting standards used in compiling the report:
Not applicable.

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9. Accounting Standards Used
Connexion Media Limited's financial statements are prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

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10. Commentary on the results for the period
10.1 EPS & Dilutive Aspects

	Reporting Period (Cents)	**Prior Period (Cents)**
Basic earnings per share	(3.77)	(7.69)
Diluted earnings per share	(3.77)	(7.69)

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. There were no dilutive instruments in 2017 or 2016.

10.2 Returns to shareholders including distributions and buy-backs
Nil

10.3 Significant features of operating performance

The Company has made changes that, both financially and culturally, have re-positioned Connexion Media Limited to perform in the coming 12 months. In the June 2017 quarterly, the Company commented by organisational function the specific changes, and it is starting to see those changes graft and the company habits stabilise, with hiring frozen until capital structure improved.

10.3 Significant features of operating performance (continued)

From a management perspective, the Company reduced the headcount temporarily in order to re-align the company with client goals and financial performance. As stated in the quarterly, cost cutting is a tactic and not a strategy – in the coming months the Company will refurbish the team through a variety of sourcing strategies. Importantly, it will bring into the team talent who have strong technical skills and delivered software as a service programs on a global basis.

Strategically the Company has identified capabilities that it will develop in order to deliver its global client-focused operations. As a simple example, the delivery of software as a service across Europe where each jurisdiction observes differing practices around data processing. In order to comply with this, the Company will need to continually scrutinise its supply chain as well as internally develop capability for, where required, implementation of in-region data centres and production support practices.

Key financial drivers changed summarised:

	Half yearly	**Current state**
Board	5	3
Management	9	2
Development	20	3
Production Support	2	1
Cloud subscriptions	25,000*	6,500*

*note: subscriptions paid monthly

Changes in the financial drivers are effected through efficiencies and decision-making around financial performance of the various platforms under management, the changes have not impacted project progress or revenue performance. Additional savings in consulting spend has been achieved through bringing in-house disciplines, including digital asset management, web development, human resource management and contracts and legal.

All in all, the board is satisfied with the Company's strategic progress over the past 5 months and are actively working to achieve growth.

10.4 Trends in performance

With regard to revenue, the Company has seen an increase in subscription from its GM Commercial Link rollout, however we are still a way from internally set goals. Whilst in the coming 12 months the Company will drive uptake, currently on a mathematical basis the Company doesn't have a large enough base of subscribers, or a significant enough period of time for measurement, to promote effects of its acquisition strategies. Needless to say, this is a focus area for the board and the Company will proactively change its business where required to achieve its revenue goals.

With regard to acquisition tactics we have implemented:

Commercial Link Promotional free period: General Motors sales team members have the ability to drive adoption through offering 3-12 month free period to prospect clients. The prospect rolls onto a paying subscription at the completion of the free period. Our current conversion rate is greater than 80%. Connexion Media Limited is paid to provide the services during the free period by General Motors.

WEX and CXZ Telematics multi-year discounts: For our Australian Platforms we have implemented a multi-year offer discount. This has been adopted by several clients and we are now increasing scope of offer.

10.4 Trends in performance (continued)

With regard to cost, the Company has made significant changes that have flowed through to these results. As set out under 10.3, the Company has moved to refurbishing management capability and this will be achieved without a net loss to the company.

10.5 Other factors

The current board has assessed where we are at and where we are going. Factors that have influenced company performance in previous years have been internal; any review of the external marketplace shows significant update in technology that can achieve components of the outcome we offer. In the next 12 months shareholders can anticipate stronger, sustainable, performance with three key themes; growth, innovation, talent.

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11. Statement relating to the status of the audit

This report is based on accounts which are in the process of being audited. The Company is currently in negotiations with its convertible note holders to convert their note holdings to equity. Based on the outcome of these discussions it is possible that the Company may receive a Modification or Emphasis of Matter to its audit report in respect to significant uncertainty of its ability to continue as a going concern. Please refer to Note 2 to the Financial Statements.

Connexion Media Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Revenue		1,056,207	20,857
Other income		2,415,420	1,274,061
Revenue & other income	3	**3,471,627**	**1,294,916**
Cost of sales		(494,903)	-
Gross Profit		**2,976,724**	**1,169,519**
Expenses			
Corporate and administrative expenses		(5,388,174)	(4,668,536)
Selling, distribution and marketing expenses		(241,296)	(180,664)
Research and development costs		(793,905)	(2,895,070)
Loss before finance costs, depreciation, transaction costs and tax		**(3,446,651)**	**(6,449,354)**
Share re-quotation and transaction costs		-	(160,000)
Depreciation and amortisation expenses		(1,999)	(1,379)
Finance costs		(523,022)	(249,976)
Loss before income tax expense		**(3,971,672)**	**(6,860,709)**
Income tax expense		-	-
Loss after income tax expense for the year		**(3,971,672)**	**(6,860,709)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to owners of Connexion Media Limited		**(3,971,672)**	**(6,860,709)**
		Cents	**Cents**
Basic earnings per share	12	(3.77)	(7.69)
Diluted earnings per share	12	(3.77)	(7.69)

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
For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Assets			
Current assets			
Cash and cash equivalents		367,194	76,389
Trade and other receivables		49,437	45,522
Inventory		84,772	-
Prepayments		-	43,923
Total current assets		**501,403**	**165,834**
Non-current assets			
Plant and equipment		7,192	7,812
Other non-current assets	5	-	80,989
Total non-current assets		**7,192**	**88,801**
Total assets		**508,595**	**254,635**
Liabilities			
Current liabilities			
Trade and other payables	6	771,055	1,014,287
Provision for employee entitlements		95,097	43,049
Convertible notes	7	2,000,000	2,000,000
Borrowings	9	604,699	354,699
Total current liabilities		**3,470,851**	**3,412,035**
Non-current liabilities			
Convertible notes	8	3,380,782	270,325
Other non-current liabilities		1,733	-
Total non-current liabilities		**3,382,515**	**270,325**
Total liabilities		**6,853,366**	**3,682,360**
Net deficiency of assets		**(6,344,771)**	**(3,427,725)**
Equity			
Issued capital	10	9,363,046	8,308,420
Issued options	10	-	1,223,666
Accumulated losses		(15,707,817)	(12,959,811)
Total equity		**(6,344,771)**	**(3,427,725)**

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 2017

	Issued capital $	Accumulated losses $	Total Equity $
Consolidated			
Balance at 1 July 2015	**6,466,115**	**(6,099,102)**	**367,013**
Loss after income tax expense for the year	-	(6,860,709)	(6,860,709)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(6,860,709)	(6,860,709)
Transactions with owners in their capacity as owners:			
Issue of shares (note 10)	3,176,537	-	3,176,537
Net charges from option issuance/cancellation (note 10)	(110,566)	-	(110,566)
Balance at 30 June 2016	**9,532,086**	**(12,959,811)**	**(3,427,725)**
Balance at 1 July 2016	**9,532,086**	**(12,959,811)**	**(3,427,725)**
Loss after income tax expense for the year	-	(3,971,672)	(3,971,672)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year	-	(3,971,672)	(3,971,672)
Transactions with owners in their capacity as owners:			
Issue of shares (note 10)	1,054,626	-	1,054,626
Net charges from option issuance/cancellation (note 9)	(1,223,666)	1,223,666	-
Balance at 30 June 2017	**9,363,046**	**(15,707,817)**	**(6,344,771)**

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 2017

	Consolidated	
	2017	**2016**
	$	**$**
Cash flows from operating activities		
Receipts from customers	1,157,521	551,158
Payments to suppliers and employees (Note 4)	(6,258,728)	(7,396,039)
R&D tax refund received (Note 3)	2,392,671	722,902
Interest received	2,001	-
Repayment of interest	(93,000)	-
Interest and other costs of finance paid (Note 4)	(523,022)	(239,828)
Net cash used in operating activities	**(3,322,557)**	**(6,361,807)**
Cash flows from investing activities		
Purchase of plant and equipment	1,379	-
Security deposit release	80,989	-
Net cash used in investing activities	**82,368**	**-**
Cash flows from financing activities		
Proceeds from issues of shares (Note 10)	834,626	3,065,971
Proceeds from issue of convertible notes, net of transaction costs (Note 7 and 8)	2,447,372	2,270,325
Cash flows from loans to other entities	(1,004)	(1,004)
Proceeds from borrowings	250,000	-
Net cash from financing activities	**3,530,994**	**5,335,292**
Net increase/(decrease) in cash and cash equivalents	290,805	(1,026,515)
Cash and cash equivalents at the beginning of the financial year	76,389	1,102,904
Cash and cash equivalents at the end of the financial year	**367,194**	**76,389**

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

Note 1. General information

The financial statements cover Connexion Media Limited (the Company) as a consolidated entity and the entities it controlled at the end of, or during, the 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:

11-19 Bank Pl,
Melbourne VIC 3000

Note 2. Summary of 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. Comparative figures have been adjusted to conform to changes in presentation for the current financial period where required by accounting standards. There have been no significant changes to the existing accounting policies since the prior year, and new accounting policies applicable to the Company have been presented below:

Inventories
Inventory consists of sophisticated telemetry devices, and is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

Going concern
The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. For the period ended 30 June 2017 the consolidated entity incurred a net loss of $3,971,672 (2016: $6,860,709). Net cash inflows from operating, investing and financing activities for the current year totalled $290,805 (2016: Outflows of $1,026,515). As at 30 June 2017 the consolidated entity had an excess of current liabilities over current assets of $2,969,448 (2016: 3,246,201) and an excess of total liabilities over total assets of $6,344,771 (2016: 3,427,725).

Note 2. Significant accounting policies (continued)

As at 30 June 2017, the Company had $2,000,000 outstanding in Series 1 Convertible Notes. The Series 1 convertible notes matured in early August 2017. The Board is currently negotiating with the Series 1 Note Holders in an attempt to convert their holdings into fully paid ordinary shares. The Series 2 Convertible Notes mature in July 2018. The Board is also in discussion with these Convertible Note Holders to similarly determine whether the notes can be converted into fully paid ordinary shares.

Telematics services developed in 2017 generated revenues from distribution agreements with major US-based automotive manufacturers, earning the Company revenue of $1,056,207 (2016: $20,857).

During the financial year, the consolidated entity received $2,392,671 in cash in relation to research and development tax incentives in relation to activities undertaken in the 2016 financial year; and it forecasts to receive approximately $1,400,000 from its research and development activities for the 2017 financial year. The directors of the company have prepared a cash flow forecast from the date of this report to 31 December 2019 for the purpose of ensuring that it can meet its debts as and when they fall due. The cashflow forecast and management's financial analysis sets out the following:

- the expected receipt of approximately $1,400,000 from a research and development rebate which will be lodged with the Australian Taxation Office for the 2017 financial year;
- having obtained $1,000,000 line of credit to fund working capital and the repayment of any amounts owing under that line of credit through the receipt of the research and development rebate;
- the generation of approximately $800,000 in contractual cash flows from agreements with customers;
- having significantly reduced operating expenses due to restructuring of operations;
- successfully negotiating with existing Convertible note holders to convert their holdings into fully paid ordinary shares.

The directors remain confident that the company will deliver its objectives.

While the directors have undertaken a market analysis and forecasting process, the Connexion business is a new business and is still in the process of sourcing customers. Accordingly, the financial report has been prepared on a going concern basis based on the ability of the Company and consolidated entity to achieve sufficient cash inflows from sales and raise further equity, where necessary, to fund working capital.

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

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

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

Note 2. Significant accounting policies (continued)

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. Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards and also to accurately align current and prior year expenses for presentation purposes. As a result of these changes there was no change in total comprehensive income or net assets recorded in the prior year.

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, and include the following;

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.

Fair Value of Convertible Notes
Under the consolidated entity's accounting policy for convertible liabilities with cash redemption features, at initial recognition an amount equal to the fair value of the debt component is recognised as a financial liability ("debt"), and the residual value, being the proceeds of consideration less the debt component recognised at fair value, is recognised in equity.

On initial recognition, the directors have assessed the terms of convertible notes held as at financial year end date and determined that in their view the fair value of the debt component is equal to the proceeds such that there is no residual amount to be allocated to an equity component. In making this determination, the directors are of the view that the value of the consideration received, net of costs, provided reliable evidence of the fair value of the debt component of the convertible note.

Note 3. Revenue	**Consolidated**	
	2017	**2016**
	$	**$**
Sales revenue		
Sales	1,056,207	572,014
	1,056,207	572,014
Other revenue		
R&D tax offset	2,392,671	722,902
Miscellaneous income	22,749	-
	2,415,420	722,902
Revenue	**3,471,627**	**1294,916**

Effective 1, July 2011, the R&D tax incentive regime replaced the R&D tax concession. Under this regime, Connexion, having expected aggregated annual turnover of under $20 million, is entitled to a refundable R&D credit of approximately 43.5% on the eligible R&D expenditure incurred on eligible R&D activities.

Note 4. Expenses

	Consolidated	
	2017	**2016**
	$	**$**
Finance costs		
Interest and finance charges paid/payable	623,022	249,976
Rental expense relating to operating leases		
Minimum lease payments	87,450	152,659
Superannuation expense		
Defined contribution superannuation expense	231,596	185,940
Employee benefits		
Employee benefits expense excluding superannuation	4,273,972	2,573,999

Note 5. Non-current assets – other

	Consolidated	
	2017	**2016**
	$	**$**
Other deposits	-	80,989

The bank guarantee entered into in the prior year expired, and was refunded to the Company.

Note 6. Current liabilities – trade and other payables

	Consolidated	
	2017	**2016**
	$	**$**
Trade payables	571,522	496,884
Other payables	199,533	517,403
Trade and other payables	771,055	1,014,287

Note 7. Current liabilities - Convertible notes

	Consolidated	
	2017	**2016**
	$	**$**
Convertible notes payable – Series 1	2,000,000	2,000,000

In August 2015, the Company announced the completion of a capital raising through the issue of convertible notes to sophisticated and professional investors, raising $2 million (“Series 1”). These notes have reached their maturity date and the Board is in discussion with the Convertible Note Holders in an attempt to convert the total liability into fully paid ordinary shares.

Note 8. Non-Current liabilities - Convertible notes

	Consolidated	
	2017	2016
	$	$
Convertible notes payable	3,380,782	270,325
Non-current liabilities - Convertible notes	3,380,782	270,325

In 22 June 2016, the Company announced a raising of $5 million through the issue of convertible notes to new and existing sophisticated and professional investors. The raising was not fully subscribed, and $3,449,000 before transaction costs was raised ("Series 2").

The key terms of the Series 2 convertible notes are as follows:

- 9.95% coupon, paid quarterly in advance;
- 24 month term;
- Partial or full conversion at the lower of A$0.15 (15 cents) or 80% of any future equity issue price (with 2 business days' notice) after 12 months from the issue date;
- Should >50% of notes convert within 12 months, a one-for-one 24 month A$0.20 (20 cents) option will be issued pro-rata to all noteholders. There is also an Early Redemption Premium of 10% of the Face Value of the Note, which has to be repaid if the Notes are redeemed early;
- Failure of any of the following adds 5% premium (per item) to repayment;
  - Total non-executive director remuneration to remain below A$300k per annum until company displays 4 consecutive quarters of positive operating cash flows or NPAT of A$3m+
  - Financial year revenue for 2017 and 2018 to exceed A$10m
  - The Company has the option of redeeming early at any time at 10% premium (providing 60 days' notice) but not before 12 months from the issue date. This is inclusive of the premiums noted above.

Note 9. Borrowings

	Consolidated	
	2017	2016
	$	$
Line of credit	250,000	-
Secured loan	354,699	354,699
Non-current liabilities - Convertible notes	604,699	354,699

Line of credit

At 30 June 2017, the Company announced the finalisation and execution of a Loan Facility Agreement with Lucerne Composite Master Fund SP ("Lucerne") for a facility of up to $1 million. The Facility is in the form of a revolving corporate line of credit and will be secured by way of a charge over CXZ's Research and Development (R&D) Tax Rebate. The first $250,000 was received on 30 June 2017. The Facility will be repaid upon receipt of the R&D Tax Rebate or 6 months, whatever occurs earlier.

Secured loan

On 21 January 2013 the legal parent entity, Connexion Media Limited, entered into a loan agreement with a third party investor. The loan's maturity date was extended to 28 January 2018. 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 10. Equity – issued capital

Movements in ordinary share capital

Details	Date	#	Issue price	$
Balance	1 July 2015	84,619,770		5,196,817
Exercise of share options	9 December 2015	50,000	$0.215	10,750
Exercise of share options	18 December 2015	550,000	$0.215	118,250
Exercise of share options	29 December 2015	1,211,505	$0.215	260,474
Exercise of share options	31 December 2015	890,000	$0.215	191,350
Exercise of share options	11 January 2016	265,667	$0.215	57,118
Exercise of share options	14 January 2016	75,000	$0.215	16,125
Issue of shares	3 March 2016	4,999,999	$0.180	900,000
Issue of shares	3 May 2016	9,267,233	$0.180	1,668,102
Costs of issuing equity		-	-	(110,566)
Balance	30 June 2016	101,929,174		8,308,420
Issue of shares	19 August 2016	2,000,000	$0.110	220,000
Issue of shares	9 February 2017	3,711	$0.200	742
Issue of shares	3 April 2017	13,888,889	$0.070	1,000,000
Issue of shares	28 April 2017	1,000	$0.070	72
Costs of issuing equity				(166,188)
Balance	30 June 2017	117,822,774		9,363,046

Note 10. Equity – issued capital (continued)

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.

Note 10. Equity – options

Movements in options

Details	Date	#	Issue price	$
Balance	1 July 2015	84,619,770		1,269,298
Exercise of options	09 December 2015	(50,000)	$0.200	(750)
Exercise of options	18 December 2015	(550,000)	$0.200	(8,250)
Exercise of options	29 December 2015	(1,211,505)	$0.200	(18,172)
Exercise of options	31 December 2015	(890,000)	$0.200	(13,350)
Exercise of options	11 January 2016	(265,667)	$0.200	(3,985)
Exercise of options	14 January 2016	(75,000)	$0.200	(1,125)
Balance	30 June 2016	81,577,598		1,223,666
Issue of share options	6 July 2016	3,042,172	$0.000	-
Issue of share options	6 July 2016	7,133,617	$0.000	-
Exercise of options	9 February 2017	(3,711)	$0.200	(742)
Expiration of share options	3 March 2017	(81,573,887)	$0.200	(1,222,924)
Balance	30 June 2017	10,175,789		-

Share options

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.

Note 10. Equity – options (continued)

Each option had an exercise price of $0.20 (20 cents), and 81,573,887 options expired on 28 February 2017. The value of these expired options was reversed back into equity. There remaining 3,711 options were exercised on 9 February 2017, and issued as share capital on that date. Option holders do not participate in dividends or the proceeds on the winding up of the company.

On 6 July 2017, 3,042,172 unlisted options were issued with an exercise price of $0.25 expiring 1 January 2018, as well as an additional 7,133,617 unlisted options issued with an exercise price of $0.25 expiring on the second anniversary of their issue date. The options have been included in the above table as they were issued as free-attaching options to other equity instruments.

Note 10. Equity (continued)

	Consolidated			
	2017 #	2016 #	2017 $	2016 $
Ordinary shares – fully paid	117,822,774	101,929,174	9,363,046	8,308,420
Share options	10,175,789	81,577,598	-	1,223,666
Current liabilities - Convertible notes	127,998,563	183,506,772	9,363,046	9,532,086

A Class shares do not have any voting rights.

Note 11. Events after the reporting period

Other than disclosed elsewhere in this report, no other matter or circumstance has arisen since 30 June 2017 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 12. Earnings per share

	Consolidated	
	2017 $	2016 $
Loss after income tax attributable to the owners of Connexion Media Limited	3,971,672	6,860,709
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	105,390,712	89,245,113
Weighted average number of ordinary shares used in calculating diluted earnings per share	105,390,712	89,245,113
	Cents	**Cents**
Basic earnings per share	(3.77)	(7.69)
Diluted earnings per share	(3.77)	(7.69)

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 inclusive as outlined in AASB 133 “Earnings per Share”. The options were non-dilutive as the consolidated entity made a loss for the year.