ASX Announcement

March Quarter Review

- Cash receipts for the quarter were $129,367, with receivables of USD$6,500 and new awarded development work of USD$75,000
- Key telematics subscription metrics for the March Quarter:
    - **Average Subscription Growth Rate** of approximately 10.5% month on month
    - **ARPU** of $13.94 per calendar month per vehicle
    - **Average 3.86 Subscriptions** per customer account
    - **Average Subscription Conversion Rate** of 72.6%
- Streamlining of Board and Management and completion of strategic review to facilitate Company's US and Europe growth objectives and significant cost savings implemented
- Completion of Placement, raising $1 million from sophisticated and professional investors
- Distribution partnership signed with Chinese auto hardware vendor, TassIOV representing commercial entry to Chinese market
- Connexion is in continued advanced discussions with potential global automaker partners from US and Europe, with 5 requests for quotation currently submitted

26 April 2017, Melbourne Australia: Connexion Media Limited (ASX:CXZ), an innovator in the connected car market, has today released its Appendix 4C for the three-month period to 31 March 2017 and is pleased to provide a review of its progress during the quarter.

Corporate and Financial

Cash Receipts

Cash receipts were $129,367 (compared to $336,508 in Q3 FY2016).

Receivables relating to the March quarter are USD$6,500 and new development work awarded during the quarter is USD$75,000.

Completion of Strategic Review

During the quarter, Connexion Media conducted a strategic review which resolved to focus the Company's efforts on telematics sales in the North American and European markets. In addition to growing sales throughout the US and Europe, the Company is focused on further developing its relationship with its automotive partner, General Motors.

Board and Management Changes

To facilitate the Company's renewed US growth focus, the Company has made changes to its management team, including the appointment of George Parthimos as Executive Chairman, who has stepped up from the role of CEO and the appointment of Junior Barrett as CEO, previously Chief Marketing Officer and Head of USA Operations. Mr Barrett will continue to be based in Detroit USA and will lead Connexion's corporate and growth strategy in North America and Europe. Prior to joining the Company, Mr Barrett held senior roles at General Motors in Detroit.

In addition, Connexion Media has streamlined its Board, with the appointment of Mark Caruso as Non-Executive Director. Mr Caruso has substantial corporate experience driving growth and creating value in small companies.

At the same time, Non-Executive Chairman, John Conomos, and Non-Executive Director, John Dimitropoulos voluntarily stepped down from the Board during the quarter. The Company thanks them for their services.

Successful Placement

To fund its growth initiatives, Connexion Media raised $1 million before costs via the issue of 13.8 million new fully paid ordinary shares at 7.2c each to sophisticated and professional investors under the 15% placement capacity.

The funds will be used for sales and marketing initiatives as well as for working capital purposes.

Cost Saving Initiatives

The Company successfully completed a number of larger technical development projects for its telematics offering, resulting in the Company's focus shifting towards the sale and commercialisation of its products. Reflecting the shift from development work to a greater focus on sales activities, Connexion Media identified a range of cost saving initiatives that would reduce the cash burn rate and accelerate the pathway to cash flow break-even. The Company identified annual cost savings of $2.4 million, representing a 38% reduction in total costs.

Further net cost savings were subsequently identified during the Company's April 2017 strategic review and are currently being implemented across the business. These savings include a further reduction in head office costs and other corporate overheads.

Quarterly expenses

Cash outlays relating to operational activities were $1,354,575, which include one off costs associated with the organisational restructure (including redundancies). The full effect of the restructure takes effect during the June 2017 quarter, where operational outgoings are forecast to reduce to approximately $1,113,000 per quarter.

Operational Progress

US Focused Strategy

Led by newly appointed and US based CEO, Junior Barrett, the Company's sales and marketing efforts will be managed from Detroit, a global automotive hub. At the Detroit office, the Company' sales and marketing team will be expanded. Sales staff will target fleet managers with 1,000+ vehicles in addition to its original focus on small fleet customers of up to 15 vehicles. This expanded target market increases the number of vehicles in the Company's addressable market by an additional 1.75 million vehicles.

Connexion will retain its Melbourne office as its headquarters, where software development, product innovation, operations and finances will be managed. The Melbourne office will be managed by newly appointed Executive Chairman, George Parthimos.

Solid Telematics Growth

Connexion Media is pleased to report continued sustained growth in subscriptions to its telematics products, which includes the GM Commercial Link, CXZ Telematics and WEX MotorPass Telematics products.

The key performance indicators for the three months to 31 March 2017 are detailed below, with the Average Subscriber Growth and Conversion Rate being impacted by the Christmas holiday period in January 2017.

- **Average Revenue Per User** of $13.94/month per user excluding tax, or $167.24 annualised, (Jan $13.87, Feb $13.97, Mar $13.97).
- **Average Subscriber Growth** of 10.5%, reflecting a lower total in January due to the Christmas holiday period (Jan -0.5%, Feb 12.9%, Mar 19.1%).
- **Average Subscribers Per Customer** 3.86 vehicle subscriptions per customer on average (Jan 3.75, Feb 3.73, Mar 4.11).

- **Average Subscription Conversion Rate** of 72.6% (Jan 31.1%, Feb 92.0%, Mar 94.7%).

Flex Rebrand - Launch of CXZ Telematics

To ensure a unique brand name for the Company's telematics offering across the globe, Connexion rebranded its "Flex" solution, with the service renamed as "CXZ Telematics".

CXZ Telematics was launched in Australia on 1 February 2017. At a later date during 2017, the Company will formally launch CXZ Telematics across North America and Europe through the Company's existing networks and channels in these regions.

In conjunction with the rebranding, Connexion Media launched a coordinated marketing campaign to drive uptake of the service within the direct Australian B2B channel. Small fleet managers are now able to sign up to Connexion's SaaS telematics products via the Company's CXZ Telematics website: http://www.cxztelematics.com/.

Distribution Partnership with Chinese Auto Hardware Vendor

Representing Connexion Media's entry into the Chinese market, the Company signed a Memorandum of Understanding (MOU) with Chinese auto hardware vendor Tass Internet of Vehicles Co. Limited (TassIOV).

TassIOV supplies embedded and aftermarket hardware device for Chinese-manufactured vehicles and has the capacity to manufacture 1.5 million devices per annum for the Chinese market. TassIOV supplies 2 China-based automakers and has relationships with an additional 5 China-based automakers.

Under the terms of the MOU, TassIOV will co-sell Connexion's embedded CXZ Telematics service alongside its hardware offerings to its automaker customers via a licensing arrangement with Connexion Media. Connexion will assist TassIOV to sell its hardware devices into the European and US markets via its relationships with automakers and aftermarket manufacturers in these regions.

Connexion and TassIOV will work towards upgrading its MOU to a binding commercial contract. The parties are to commence a collaboration to produce an integrated hardware offering that embeds Connexion's telematics offering into TassIOV's hardware products for distribution across the Chinese market. The parties are also plan to commence collaborating to develop new SaaS solutions for the Chinese market.

Gold Status Microsoft Partner

Highlighting Connexion's unique and innovative vehicle telematics solution and the Company's position as a leading connected car software platform, Microsoft invited Connexion to become a Gold Status Partner with Microsoft's Go-To-Market Services. As a Gold Status partner, Connexion joins other brands such as Citrix, Docusign and HP that are also Gold Status Partners.

A key benefit of Gold Status Partnership is co-selling with Microsoft. The partnership gives Connexion access to tens of thousands of field sellers and hundreds of thousands of channel partners. This partnership with Microsoft will help Connexion reach new customers worldwide through Microsoft's extensive global customer network, which includes global automakers and vehicle fleet managers.

Connexion will also be aligned with Microsoft's newly launched cloud platform for connected cars, the Microsoft Connected Vehicle Platform. The platform, built on Microsoft's Azure cloud, is designed to empower auto manufacturers to create custom connected driving solutions.

Outlook

Connexion continues to receive strong industry recognition as a leading connected car innovator, working closely with globally recognised brands such as Microsoft and General Motors. Connexion Media is currently exploring opportunities in the connected car space with Microsoft's newly established Connected Vehicle Platform team in Seattle USA.

Following Connexion's recent rebranding and increased focus on the North American and European connected car markets, the Company anticipates that subscriptions of its telematics products will continue to grow steadily.

Additionally, the Company is continuing to advance discussions with further potential automotive partners and has lodged 5 major request for quotations with global automakers based in the US and Europe.

Entry into the Chinese market presents a significant commercial opportunity for the Company. TassIOV and Connexion Media are working toward the finalisation of a binding commercial contract.

Ends

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About Connexion Media

Connexion Media specialises in developing and commercialising smart car software apps and services for internet-connected vehicles and mobile devices. The Company is headquartered in Melbourne, Australia and currently has offices in Cambridge and Detroit.

Connexion has two core products in commercialisation, CXZ Telematics and miRoamer. CXZ Telematics is a highly sophisticated smart car solution that allows car fleet managers to manage an entire fleet of vehicles from a mobile phone or computer and deliver cost efficiencies through reduced maintenance costs. CXZ Telematics is able to track a range of real time and historical data including vehicle locations, distance travelled, fuel consumption, battery life, engine performance and absolute and average speeds travelled. It is also able to monitor driver behaviour and instantly send notifications and alarms to vehicle owners and fleet managers.

miRoamer is a next generation internet radio product that allows users to pick up radio stations from broad geographies, including international stations. miRoamer has become the world leader in internet radio technology, delivering a superior understanding of the technical, content and marketing demands of radio manufacturers and car makers alike.

89+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CONNEXION MEDIA LTD

ABN	**Quarter ended ("current quarter")**
68 004 240 313	March 2017

Consolidated statement of cash flows			**Current quarter $A**	**Year to date (9 months) $A**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		129,367	399,176
1.2	Payments for			
	(a)	research and development	(307,478)	(903,552)
	(b)	product manufacturing and operating costs	(278,212)	(1,134,274)
	(c)	advertising and marketing	(104,613)	(205,113)
	(d)	leased assets	-	-
	(e)	staff costs	(346,959)	(1,881,187)
	(f)	administration and corporate costs	(275,324)	(964,913)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	6,014
1.5	Interest and other costs of finance paid		(171,356)	(484,309)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	2,392,671
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(1,354,575)**	**(2,775,487)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	property, plant and equipment	-	-
	(b)	businesses (see item 10)	-	-
	(c)	investments	-	-

Consolidated statement of cash flows		Current quarter $A	Year to date (9 months) $A
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	1,500	1,500
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**1,500**	**1,500**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	948,800	948,800
3.2	Proceeds from issue of convertible notes	-	2,985,267
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(253,087)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(13,052)	(13,052)
3.10	**Net cash from / (used in) financing activities**	**935,748**	**3,667,928**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,387,657	76,389
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,354,575)	(2,775,487)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,500	1,500
4.4	Net cash from / (used in) financing activities (item 3.10 above)	935,748	3,667,928

Consolidated statement of cash flows		Current quarter $A	Year to date (9 months) $A
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of quarter**	**970,330**	**970,330**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A	Previous quarter $A
5.1	Bank balances	970,330	1,387,657
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**970,330**	**1,387,657**

6.	Payments to directors of the entity and their associates	Current quarter $A
6.1	Aggregate amount of payments to these parties included in item 1.2	87,042
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Item 6.1 is the total gross payment of salaries and superannuation to Connexion directors made during the March quarter, 2017

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A**
9.1	Research and development	(188,000)
9.2	Product manufacturing and operating costs	(170,000)
9.3	Advertising and marketing	(150,000)
9.4	Leased assets	
9.5	Staff costs	(330,000)
9.6	Administration and corporate costs	(275,000)
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**(1,113,000)**

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 28 April 2017
Executive Chairman

Print name: George Parthimos

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.