

ECSI LIMITED

ACN 004 240 313

NOTICE OF GENERAL MEETING

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EXPLANATORY STATEMENT

For the General Meeting to be held:

at 11.00 am

on 22 April 2014

at Perpetual Consulting Group, Level 11, 499 St Kilda Road, Melbourne VIC 3004

In this document you will find:

1. Notice of Meeting.
2. An Explanatory Statement containing an explanation of, and information about, the proposed resolutions to be considered at the General Meeting.
3. Proxy Form.
4. An independent expert's report as to the fairness and reasonableness of the acquisition by the Company of 100% of the issued share capital of miRoamer Pty Ltd (the subject of Resolution 2). The Independent Expert has concluded that the Proposed Transaction is **fair and reasonable** to the non-associated Shareholders.

GENERAL INFORMATION

This Notice of Meeting and Explanatory Statement provides information and seeks approval for the proposed acquisition of all of the issued shares in miRoamer Pty Ltd (**Proposed Transaction**) and associated matters.

Accordingly, the purpose of the General Meeting is to:

1. obtain Shareholder approval for the proposed Consolidation of the share capital of the Company;
2. inform Shareholders of the Company's intentions to acquire 100% of the issued shares in miRoamer Pty Ltd;
3. obtain Shareholder approval for the issue of up to 30,000,000 (post-Consolidation) Shares to investors as part of an offer under a prospectus to be issued by the Company;
4. obtain Shareholder approval for the various components of the Proposed Transaction as required under the ASX Listing Rules (Listing Rules) and the *Corporations Act 2001* (Cth) (**Corporations Act**);
5. obtain Shareholder approval to adopt a new constitution; and
6. obtain Shareholder approval for the change of company name to Connexion Media Limited.

Each of the Directors considers that the Proposed Transaction will create significant value for the Shareholders and assist the Company in the next phase of its growth.

Shareholders should also note that the Independent Expert has found that for the purpose of section 611 (Item 7) of the Corporations Act and ASX Listing Rule 10.1, the Proposed Transaction is considered by the Independent Expert to be **fair and reasonable** for non-associated Shareholders. Further detail can be found in the Independent Expert's Report attached to this Notice of Meeting.

Further details of the Proposed Transaction are provided in the Explanatory Statement. Definitions of capitalised terms used in this Notice of Meeting and Explanatory Statement are set out in the Glossary.

The Resolutions are important and affect the future of the Company. You are urged to give careful consideration to the Notice of Meeting, the Resolutions, the Explanatory Statement and the Independent Expert's Report. If you are in any doubt as to how to vote, you should seek advice from your own independent financial, taxation or legal advisors.

INDICATIVE TIMETABLE

Event	Date*
Dispatch of Notice to Shareholders	21 March 2014
Deadline for lodging proxy form for Meeting	20 April 2014
Date for eligibility to vote at Meeting	20 April 2014
Meeting to approve the Proposed Transaction and other matters	22 April 2014
Lodge prospectus	23 April 2014
Expected date for issue of shares under the prospectus, Consolidation of the Shares and completion of the Proposed Transaction	3 June 2014
Trading in securities reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of the Listing Rules)	9 June 2014

** Shareholders should note the above timetable is indicative only and may be varied in consultation with ASX. Any changes to the above timetable will be released to the ASX.*

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of ECSI Limited (**Company**) will be held at **11.00 am** on **22 April 2014** at Perpetual Consulting Group, Level 11, 499 St Kilda Road, Melbourne VIC 3004.

AGENDA

1 Resolution 1: Approval of the Consolidation

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

"That, subject to Resolutions 2 to 5 (inclusive) being passed, pursuant to section 254H of the Corporations Act 2001 (Cth), the total issued share capital of the Company be consolidated at a ratio of 1 Share for every 100 Shares currently on issue, rounded up to the nearest whole number and otherwise on the terms described in the Explanatory Statement."

2 Resolution 2: Approval of the Proposed Transaction

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

"That, subject to Resolutions 1, 3, 4 and 5 being passed, for the purposes of section 208(1) and item 7 of section 611 of the Corporations Act and ASX Listing Rule 10.1, and for all other purposes, approval is given to the issue of 45,000,000 Shares to Mi Media Holdings Limited or its nominees to acquire all of the issued shares in miRoamer Pty Ltd as detailed in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mi Media Holdings Limited and its associates, except where the votes are cast: (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3 Resolution 3: Approval of the change in nature and scale of activities

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

"That subject to Resolutions 1, 2, 4 and 5 being passed, for the purpose of ASX Listing Rule 11.1.2 and all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any of their associates, except where the votes are cast: (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4 Resolution 4: Approval of the issue of Shares to Perpetual Consulting Group

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

"That, subject to Resolutions 1, 2, 3 and 5 being passed, for the purposes of section 208(1) of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, approval is given to the issue of 7,500,000 Shares to Perpetual Consulting Group Limited for its assistance with the promotion of the Company as detailed in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Perpetual Consulting Group Limited and its associates, except where the votes are cast: (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6 Resolution 5: Approval of the issue for prospectus capital raising

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

"That, subject to Resolutions 1 to 4 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and all other purposes, approval is given for the issue, under a prospectus of up to 30,000,000 Shares in the capital of the Company, with the Shares to be issued at an issue price of \$0.20 to raise an amount of up to \$6,000,000 and otherwise on the terms described in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue or who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed and any of their associates, except where the votes are cast: (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7 Resolution 6: Approval of the change in company name

To consider and, if thought fit, to pass the following resolution, with or without amendment, as a special resolution:

"That pursuant to section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to Connexion Media Limited."

8 Resolution 7: Adoption of new constitution

To consider and, if thought fit, to pass the following resolution, with or without amendment, as a special resolution:

"That pursuant to section 136(2) of the Corporations Act and for all other purposes, the Constitution tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be adopted as the Constitution of the Company in place of the present Constitution, with effect from the close of the meeting."

9 Resolution 8: Approval of the appointment of George Parthimos

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

"That, George Parthimos, being eligible and having consented to act, be appointed as a director of the Company from the Re-compliance Date."

By order of the Board)



George Karafotias

Chairman

21 March 2014

PROCEDURAL NOTES

These notes form part of the Notice of Meeting.

1 Determination of Shareholders' Right to Vote

In accordance with regulations 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that for the purposes of the meeting, a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Company's share register as at **11.00 am on 20 April 2014**.

2 Appointment of Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:

- (i) the proxy is not recorded as attending the meeting; or
- (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

3 Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

4 Incorporation of Explanatory Statement

The Explanatory Statement attached to this Notice of Meeting, is hereby incorporated into and forms part of this Notice of Meeting.

5 Questions from Shareholders

At the General Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions in relation to the Resolutions to be put to the meeting.

EXPLANATORY STATEMENT

This information forms part of the Notice of Meeting. The main purpose of this Explanatory Statement is to provide Shareholders with information concerning the Resolutions.

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1 Background Information to the Resolutions

1.1 The Proposed Transaction

Historically, the Company's principal activity was intended to be the implementation of an enhanced security monitoring system and access control system as part of the National Alarm Response System in China (NAR System).

On 13 April 2011, the Company announced it had signed a term sheet regarding the acquisition of interests in certain uranium tenements in Africa (***African Transaction***). A further announcement was made on 27 January 2012 announcing the proposed acquisition of certain Hungarian coal permits (***Hungary Transaction***). On 15 August 2012, the Shareholders approved the African Transaction and the Hungary Transaction.

On 28 December 2012, an announcement was made by the Company that it had decided not to proceed with either the Hungary Transaction or the African Transaction. The decision not to proceed with the Hungary Transaction and the African Transaction was considered by the Directors to be in the best interests of the Shareholders.

On 28 December 2012, the Company announced that it had entered into an agreement regarding the acquisition of 100% of the issued shares in miRoamer Pty Ltd in exchange for the issue of 1,930,000,000 Shares in ECSI at a value of \$0.005 per Share (being a total value of \$9,650,000), subject to Shareholder approval.

On 26 February 2013, a further announcement was made by the Company to confirm that the Proposed Transaction was progressing forward and that an Independent Expert had been appointed to prepare the Independent Expert's Report.

On 11 June 2013 the Company appointed the Administrator as administrator of the Company.

On 30 January 2014, as an alternative to liquidation of the Company, the Shareholders approved a recapitalisation proposal for the Company, that included:

- (a) the conversion of convertible notes to extinguish liabilities of the Company to convertible note holders;
- (b) the raising of funds for the working capital of the Company; and
- (c) the release and extinguishment of the claims of the creditors.

Since the DOCA has been effectuated, the Company is proceeding with the Proposed Transaction for the adjusted consideration of \$9,000,000.

1.2 miRoamer

miRoamer is a start-up technology provider that has developed a business media solution to manage and deliver customised and secure digital content (including audio and video) to a number of end user products including web connected vehicles and car radios, smartphone, tablets, PC and other intelligent devices.

The immediate opportunity for miRoamer lies in the global automobile industry as global new vehicle sales exceeded 82 million in 2012 (Source: International Organisation of Motor Vehicle Manufacturers, <http://www.oica.net/category/sales-statistics/>), and are expected to grow in the coming years.

In addition, in excess of 66 million vehicles are forecast to be connected to the Internet through either embedded, tethered or smartphone handsets by 2018. Furthermore, by 2025 every

vehicle will be connected to the Internet (Source: Connected Car Forecast, GSMA mAutomotive Report, www.gsma.com).

Accordingly, the first products that miRoamer has developed are a car radio application and a smart phone application that allows users to access and listen to a wide range of global FM and AM radio stations from a single source.

miRoamer has entered into a non-exclusive development agreement with General Motors Holding, LLC. (*GM*) pursuant to which miRoamer has submitted its streaming radio and music service to GM for GM to consider distributing via an online site owned and/or controlled by GM where GM intends to make applications available to customers as an item included in devices sold as equipment in a GM vehicle.

miRoamer will not charge GM or its affiliates for the installation or download of the miRoamer application into GM vehicles. Instead miRoamer will generate revenue by selling in-vehicle advertising based on vehicle demographics, as well as selling in-vehicle data analytics to third party companies. Revenues are expected to begin when in-vehicle penetration has reached a reasonable audience size, which is anticipated to occur within the first 12 months of product launch of the miRoamer service.

Pursuant to the development agreement, after the first twelve months of the availability of the miRoamer application in a GM vehicle, miRoamer will pay GM 20% of the revenue generated by the miRoamer application in a GM or GM affiliate vehicle payable quarterly in arrears.

miRoamer has also entered into a non-exclusive user agreement with Volkswagen Group, and continues to develop the business opportunity.

Further information about miRoamer's business is provided in the Independent Expert's Report.

1.3 Sale Agreement

The key terms of the sale agreement for the Proposed Transaction are set out below.

MMH, as the legal and beneficial holder of all of the issued shares in miRoamer, has agreed to sell the miRoamer Shares to the Company. Accordingly, miRoamer will become a wholly owned subsidiary of the Company on completion of the Proposed Transaction. The purchase price for the miRoamer Shares is \$9,000,000, which will be paid by the Company through the issue of 45,000,000 Shares at an issue price of \$0.20 per Share, on a post Consolidation basis.

Completion of the Proposed Transaction is conditional on:

- (a) the passing of Resolutions 1 to 5 (inclusive) at the General Meeting;
- (b) the Company obtaining an opinion from the Independent Expert that the Proposed Transaction is fair and reasonable and in the best interests of Shareholders and that the Independent Expert does not change that conclusion or withdraw its report before Completion;
- (c) the Company re-complying with Chapters 1 and 2 of the Listing Rules and obtaining written conditional approval from ASX for the re-quotation of Shares; and
- (d) MMH has obtained all shareholder approvals to facilitate the transactions contemplated by the sale agreement, including article 91 of MMH's constitution in relation to the sale of the main undertaking of MMH.

Until the Completion Date, MMH must ensure that miRoamer conducts its business in the normal and ordinary course with due care and in accordance with normal practice (having regard to the nature of the miRoamer business and good commercial practice) and in a manner comparable to which it was conducted for the 12 month period prior to the execution of the sale agreement.

MMH has provided standard warranties in relation to the miRoamer Shares, miRoamer, its business, assets and its financial position. The rights of recourse of the Company under these warranties are subject to a number of limitations and qualifications.

The Shares issued to MMH will be escrowed for so long as the ASX requires, which could be as long as 24 months.

1.4 Advantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) The Proposed Transaction is fair (refer to the Independent Expert's Report for further information).
- (b) Completion of the Proposed Transaction is conditional on the Company raising funds pursuant to the Prospectus in order to comply with Chapters 1 and 2 of the ASX Listing Rules. Accordingly, the Company will receive a cash injection of at least \$3,000,000 (being the minimum subscription amount under the Prospectus) before deducting the costs of the capital raising, significantly improving the Company's prospects of continuing as a going concern.
- (c) The Company will be in a better position to seek re-quotation of its Shares on ASX. By obtaining reinstatement to trading of the Shares, Shareholders are offered liquidity to sell their post-Consolidation shareholdings on the ASX.
- (d) The proposed acquisition of miRoamer will provide Shareholders with the opportunity to participate in the future development of a start-up technology provider.

1.5 Disadvantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) Completion of the Proposed Transaction is conditional upon the Company complying with Chapters 1 and 2 of the ASX Listing Rules, including raising funds pursuant to the Prospectus. The Company will incur costs irrespective of whether or not a capital raising is successfully achieved. In the event that the Proposed Transaction does not complete, it is unlikely that the Company will be able to raise sufficient funds in the short-term to continue as a going concern and to pursue alternative investment proposals.
- (b) Shareholders will be exposed to the volatile nature of a technology start-up company.
- (c) There will be a significant dilution of the interests of the existing Shareholders resulting from the Consolidation (on a 1 for 100 basis), the issue of Shares to MMH, the Promoter and subscribers to the Capital Raising, and any future capital raisings.

1.6 Risk factors

The Company has set out below a summary of some of the risks faced by it in undertaking the Proposed Transaction. The risks noted below should not be taken to be an exhaustive description of the risks faced by the Company. The risks below, and others not specifically referred to below, may in the future affect the financial and operational performance of the Company and its Shares.

- (a) It is within the ASX's discretion whether or not to approve the re-quotation of the Shares on the ASX.
- (b) miRoamer's business has only a limited operating history upon which an evaluation of future prospects can be based. Shareholders must consider the risks and difficulties frequently encountered by businesses with limited operating histories.
- (c) miRoamer is yet to generate revenue and has no current arrangements in place to guarantee any revenue, although it has identified several potential sources.
- (d) On successful completion of the Proposed Transaction, the Company's operational success will substantially depend on the continuing efforts of its senior executives (in particular George Parthimos). The loss of services of one or more senior executives may have an adverse effect on the Company's operations.
- (e) On successful completion of the Proposed Transaction, the Company will acquire trade secrets and other intellectual property rights that are important assets. However,

various events outside of the Company's control could pose a threat to its intellectual property rights, as well as to its products and technologies.

- (f) The performance of miRoamer's technologies and products is critical to its reputation and to its ability to achieve market acceptance of these products. Any product failure or failure of a product to meet a customer's needs and requirements could have a material adverse effect on the Company's business, results of operations and financial conditions.
- (g) The Company's success will depend, in part, on its ability to expand its products and grow miRoamer's business in response to changing technologies, user and third party service providers' demands and competitive pressures. Failure to do so may impact the success of the Company
- (h) While the proceeds of the Capital Raising are intended to adequately satisfy the Company's anticipated capital requirements, if the Company requires access to further funding at any stage in the future, the Company may be adversely affected in a material way if, for any reason, access to that capital is not available. There can be no assurance that additional funds will be available. If additional funds should be raised by issuing equity securities, this might result in dilution to the then existing shareholders.
- (i) The Company does not anticipate declaring or paying any dividends to Shareholders in the foreseeable future. Consequently, Shareholders may need to rely on sales of their Shares to realise any future gains on their investment.

1.7 Effect of the Resolutions on the capital structure of the Company

The pro-forma capital and ownership structures of the Company on completion of the Proposed Transaction, the Consolidation, the Promoter Issue and the Capital Raising will be as follows:

Securities	Shares (minimum subscription under the Prospectus \$3 million)	Shares (full subscription under the Prospectus \$6 million)
Currently on issue	1,020,536,387	1,020,536,387
Following the Consolidation	10,205,364 *	10,205,364 *
Proposed Transaction (post-Consolidation)	45,000,000	45,000,000
Promoter Issue (post-Consolidation)	7,500,000	7,500,000
To be issued under Prospectus (post-Consolidation)	15,000,000	30,000,000
Total	77,705,364 *	92,705,364 *

* Subject to rounding

Shareholder	Ownership (minimum subscription under the Prospectus \$3 million)	Ownership (full subscription under the Prospectus \$6 million)
Prospectus subscribers	19.3%	32.36%
Initial Shareholders	8.2%	6.90%
MMH **	62.8%	52.64%
Perpetual	9.7%	8.10%
Total	100%	100%

** As at the date of this Notice of Meeting, MMH holds 3,800,000 Shares on a post-Consolidation basis.

1.8 Effect of the Resolutions on the financial position of the Company

Included below is the pro forma Statement of Financial Position for the Company, assuming completion of the Proposed Transaction and the Capital Raising. The pro forma Statement of Financial Position has been prepared based on the book value of the Company's net assets at 31 December 2013 and adjusted for the Proposed Transaction and Capital Raising.

Capital Raising		\$3,000,000		\$6,000,000
	Note	\$		\$
Current Assets				
Cash and cash equivalents	1(a)	2,727,742	1(b)	5,527,742
Other current assets				-
Total current assets		<u>2,727,742</u>		<u>5,547,742</u>
Total assets		<u>2,727,742</u>		<u>5,547,742</u>
Current Liabilities				
Unsecured trade and other payables	2	2,262		2,262
Financial Liabilities	3	384,614		384,614
Total current liabilities		<u>386,876</u>		<u>386,876</u>
Total liabilities		<u>386,876</u>		<u>386,876</u>
Net Assets		<u>2,340,867</u>		<u>5,160,867</u>
Equity				
Issued capital	4	5,791,074		8,791,074
Accumulated losses		(3,450,207)		(3,630,207)
Total equity		<u>2,340,867</u>		<u>5,160,867</u>

Notes:

1(a) Includes cash and cash equivalents of \$107,742, a raising of \$3,000,000 under a prospectus less \$380,000 in capital raising costs (including broker fees).

1(b) Includes cash and cash equivalents of \$107,742, a raising of \$6,000,000 under a prospectus minus \$560,000 in capital raising costs (including broker fees).

2 The Company will inherit miRoamer's liabilities.

3 Secured loan taken out in January 2012 payable January 2014, together with administrator costs of approximately \$43,000.

4 Includes the issue of equity for the convertible notes of \$150,000, DOCA contribution of \$200,000, issue of shares pursuant to the Proposed Transaction, the issue of the Promoter Shares and Capital Raising.

1.10 Quotation of Shares on ASX

The Company is already admitted to the official list of ASX, however, trading in the Shares was suspended on 23 August 2013. The ASX has indicated that trading in the Shares will continue to be suspended until the Company complies with ASX listing and quotation requirements in respect of the Proposed Transaction.

2 Resolution 1: Approval of the Consolidation

2.1 Background

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 1 for 100 basis. The Company will need to consolidate its share capital in order to comply with ASX Listing Rule 2.1 Condition 2 in order to receive conditional approval from ASX for the re-quotation of its Shares. ASX Listing Rule 2.1 requires that the issue price of securities for which an entity seeks quotation to be at least \$0.20 cash.

2.2 Regulatory overview

(a) Section 254H of the Corporations Act

Section 254H of the Corporations Act provides that a company may, by a resolution passed at a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

(b) ASX Listing Rule 7.20

ASX Listing Rule 7.20 provides that a company proposing to reorganise its capital must advise equity security holders in writing of the following:

- (i) the effect of the proposal on the number of securities and the amount unpaid (if any) on the securities;
- (ii) the proposed treatment of any fractional entitlements arising from the reorganisation; and
- (iii) the proposed treatment of any convertible securities on issue.

2.3 Fractional entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by 100. Where a fractional entitlement occurs, the directors will round that fraction up to the nearest whole Share.

2.4 Holding statements

From the date of the Consolidation, expected to be on 8 May 2014, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of shares on a post Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held before disposal.

2.5 Timetable for the Consolidation

An indicative timetable for the Consolidation is as follows:

Event	Date*
General Meeting to approve Consolidation	22 April 2014
Notification to ASX of results of General Meeting	22 April 2014
Last day of trading on a pre-reorganisation basis	23 April 2014
Trading on a deferred settlement basis *	24 April 2014
Last day to register transfers on a pre-reorganisation basis (record date)	29 April 2014
First day for Company to send notice to Shareholders of change of holdings as a result of reorganisation	30 April 2014

Event	Date*
First day for Company to register securities on a post reorganisation basis and for issue of holding statements	
Despatch date Deferred settlement market ends * Last day for Company to send notice to each security holder	8 May 2014

* As the Company's securities are suspended from trading, there will not technically be any deferred settlement trading.

2.6 Interdependence of Resolutions

If Resolutions 2 to 5 (inclusive) are not passed, the Consolidation will not proceed.

2.7 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

3 Resolution 2: Approval of the Proposed Transaction

3.1 Background

Pursuant to the terms of the Sale Agreement, the Company has agreed to issue 45,000,000 Shares to MMH in return for the acquisition of 100% of the issued shares of miRoamer, subject to Shareholder approval.

As set out in the Notice of Meeting, MMH and their associates are precluded from voting on Resolution 2.

As at the date of this Notice of Meeting, MMH holds 3,800,000 (on a post-Consolidation basis) and has a relevant interest in 37.22% of the Shares.

3.2 Regulatory overview

(a) ASX Listing Rule 10.1

Under ASX Listing Rule 10.1, a listed company must not acquire a 'substantial asset' without obtaining shareholder approval if the vendor is a related party (as defined in the Corporations Act), a substantial holder, a subsidiary, an associate of any of those persons or any person whose relationship to the listed company (or to a related party of the listed company) is such that the acquisition ought to be approved by the listed company's shareholders under Listing Rule 10.1.

Under ASX Listing Rule 10.2, an asset is considered to be 'substantial' if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the total paid up capital, reserves and accumulated profits or losses (but disregarding redeemable preference share capital and outside equity interests) of the listed entity (as disclosed in the latest accounts given by the listed company to ASX).

MMH is a substantial holder of the Company, having at the date of this Notice of Meeting a relevant interest in 37.22% of the Shares. The shares in miRoamer are a substantial asset for the purposes of the above definition. Accordingly, the Company is required to seek shareholder approval pursuant to ASX Listing Rule 10.1 in order to acquire the issued shares of miRoamer from MMH.

(b) Section 208(1) of the Corporations Act

Subject to certain exceptions, section 208 of the Corporations Act requires a public company to obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act if that public company intends to give a financial benefit to a related party of the public company.

The definition of related party is contained in section 228 of the Corporations Act. Section 228(1) of the Corporations Act provides that an entity that controls a public

company is a related party of the public company. Section 228(6) of the Corporations Act provides that an entity is a related party of a public company at a particular time if the entity believes or has reasonable grounds to believe that it is likely to become a related party of the public company of the kinds referred to in section 228 of the Corporations Act at any time in the future. A financial benefit is defined in section 229 of the Corporations Act in broad terms and includes the issue of securities.

The issue of Shares to MMH would constitute the giving of a financial benefit under the Corporations Act. Since MMH could acquire more than 50% of the Shares of the Company, MMH may become a related party of the Company in the future. Accordingly, shareholder approval is being sought in accordance with the Corporations Act.

(c) Item 7 of section 611 of the Corporations Act

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company which the person and the person's associates have a relevant interest.

A person (**second person**) will be an 'associate' of the other person (**first person**) if one or more of the following paragraphs applies:

- (i) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the first person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs;
- (iii) the second person is a person with whom the first person is acting or proposes to act in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

- (i) are the holder of securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with shareholder approval.

MMH's voting power in the Company is currently 37.22%. If the Proposed Transaction proceeds, depending on the level of subscription pursuant to the Capital Raising, MMH's voting power will be between 52.64% (assuming the Capital Raising is fully

subscribed) and 62.8% (assuming the minimum subscription amount is raised pursuant to the Capital Raising). Accordingly, the Company is required to seek shareholder approval in accordance with item 7 of section 611 of the Corporations Act in order to issue 45,000,000 Shares to MMH as consideration for the acquisition of miRoamer.

1.2 Information required by ASX Listing Rules, Corporations Act and ASIC Regulatory Guides

(a) ASX Listing Rule 10.1

A voting exclusion statement is included in the Notice of Meeting. In addition, the Directors have commissioned the Independent Expert to prepare the Expert's Report to analyse the Proposed Transaction.

(b) Section 219 of the Corporations Act and ASIC Regulatory Guide 76

Name of related parties	Mi Media Holdings Limited
Statement of the relationship between related parties and the Company	MMH is likely to become a related party of the Company in the future as it will have a relevant interest in up to 62.8% of Shares (assuming only the minimum subscription amount of \$3,000,000 is raised under the Capital Raising) and will therefore have the ability to control the Company.
Nature of the financial benefit	MMH will be issued with Shares as consideration for the acquisition of 100% of the issued shares in miRoamer. Subject to escrow restrictions and assuming that the Company's Shares are requoted on ASX, MMH will also benefit from being a shareholder in a public listed company (as opposed to the holding company of a proprietary limited company) with a more efficient market to dispose of its interest in MiRoamer.
Reasons for giving the financial benefit	The Shares are being issued as consideration for the acquisition by the Company of the shares in MiRoamer. Further information regarding the Proposed Transaction is set out in section 1 of this Explanatory Statement.
Directors' recommendations	All Directors recommend that Shareholders vote in favour of Resolution 2 for the reasons set out in Section 1 of this Explanatory Statement.
Directors' interest in the outcome	No Director has an interest in the outcome of Resolution 2.
Other information	Refer to section 1 of the Explanatory Statement. Additional information in relation to Resolution 2 is also included in the Independent Expert's Report and each Shareholder should read that report in its entirety before making a decision as to how to vote on Resolution 2.
Valuation of the financial benefit	Each Share issued pursuant to the Proposed Transaction has a deemed issue price of \$0.20 per Share (however no funds will be raised as part of the issue). Accordingly, the value of the financial benefit provided to MMH is \$9,000,000. Further valuation information is included in the Independent Expert's Report and each Shareholder

	should read that report in its entirety before making a decision as to how to vote on Resolution 2.
Related party's existing interests	MMH currently has a relevant interest in 3,800,000 Shares (on a post-Consolidation basis), representing 37.22% of the Shares on issue as at the date of this Notice of Meeting.

(c) **Item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74**

Identity of purchasers	Mi Media Holdings Limited
Full particulars of Shares to be issued to purchasers	45,000,000 Shares will be issued to Mi Media Holdings Limited to acquire that company's 100% interest in miRoamer Pty Ltd
Identify associations and qualifications of person who are intended to become a Director of the Company	George Parthimos is intended to become a Director of the Company (see Resolution 6). Mr Parthimos has a Bachelor of Business (Computing) Degree, Graduate Certificate of Management, and is a certified PRINCE2 project management practitioner. Mr Parthimos has over 20 years of IT experience predominately in the internet, infrastructure and portfolio management areas and has previously spent over 10 years working for Telstra Corporation (Australia's largest telecommunications company) where he specialised in developing internet and emerging multimedia products and services.
Statement of intentions regarding the future of the Company	If the Proposed Transaction proceeds: <ul style="list-style-type: none"> • The Company intends to undertake the development of digital media business conducted by miRoamer Pty Ltd. • The ASX Listing Rules require the Company to satisfy the requirements of chapters 1 and 2 in order to be re-quoted, under which the Company will be required to effectively re-apply for admission to the Official List. The Company will therefore issue and lodge a prospectus with ASIC in accordance with Chapter 6D of the Corporations Act. • Arrangements with existing employees of the Company will remain unchanged. • No property will be transferred between the Company other than the assets and the business of miRoamer Pty Ltd. • There is no current existing intention to redeploy the assets of the Company.
Terms of the Transaction	Refer to section 1.3 of this Explanatory Statement.
Date for completion of the Transaction	The Completion Date under the Sale Agreement, but in any event no later than 3 months after the date of the Meeting* (unless a longer period is allowed by ASIC).
Reasons for the Transaction	Refer to section 1 of this Explanatory Statement.

Interests of Directors	No Director has an interest in the outcome of Resolution 2.
Intention to change dividend or other financial policies	There is no intention to change the dividend or other financial policies of the Company at this time.

** The Company reserves its right to seek an extension of this period.*

1.3 Independent expert's report

ASIC policy encourages a company to provide to shareholders who are being asked to consider a proposal to pass a resolution under section 611 (item 7) of the Corporations Act an analysis of whether the proposal is fair and reasonable when considered from the perspective of the shareholders of the company. In addition, the ASX Listing Rule 10.1 requires that the shareholders of the listed company must have the benefit of an independent expert's report on the fairness and reasonableness of the proposed transaction to the non-associated Shareholders.

The Directors have commissioned the Independent Expert to prepare the Expert's Report to analyse the Proposed Transaction.

The purpose of the Expert's Report is to analyse whether the Transaction is fair and reasonable to non-associated Shareholders.

The Expert's Report, prepared by the Independent Expert is attached in full to this Explanatory Memorandum. Shareholders should read the full text of the Expert's Report to assist them in determining how they wish to vote in respect of Resolutions 1 to 5 (inclusive).

In summary, the Expert's Report concludes that the Proposed Transaction is **fair and reasonable** to non-associated Shareholders.

1.4 Interdependence of Resolutions

If Resolutions 1, 3, 4 and 5 are not passed, the Proposed Transaction will not proceed.

1.5 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

2 Resolution 3: Approval of the change in nature and scale of activities

2.1 Background

Resolution 3 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company. Following completion of the Proposed Transaction, the Company intends to focus exclusively on miRoamer's business and this constitutes a significant change in the nature and scale of the Company's activities.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rules 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting. ASX Listing Rule 11.1.3 provides that, if ASX requires, the entity must meet the requirements in Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the official list.

ASX has indicated to the Company that, given the significant change in the nature and scale of the activities of the Company upon completion of the Proposed Transaction, it requires the Company to obtain the approval of its Shareholders and to meet the re-listing requirements in Chapters 1 and 2 of the Listing Rules. The key re-listing requirements include the following:

- (a) a prospectus must be issued and lodged with ASIC;
- (b) the company must satisfy the shareholder spread requirements relating to the number of shareholders in the Company and the minimum value of the shareholdings of those shareholders;
- (c) the Company must satisfy the “profits test” or “assets test” as set out in Listing Rule 1.3; and
- (d) the issue price or sale price of the Company’s shares must be at least 20 cents.

2.3 Interdependence of Resolutions

If Resolutions 1, 2, 4 and 5 are not passed, the change in nature and scale of activities will not proceed.

2.4 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

3 Resolution 4: Approval of the issue of Shares to the Promoter

3.1 Background

Resolution 5 is an ordinary resolution and seeks Shareholder approval under ASX Listing Rule 10.11 and section 208(1) of the Corporations Act for the issue of 7,500,000 Shares to the Promoter.

The Promoter is being issued these Shares as consideration for the promotion services provided by the Promoter to the Company in connection with the Proposed Transaction and Capital Raising. These Shares are being issued at an effective cost of \$1,500,000.

These Shares are likely to be required by ASX to be escrowed for a period of up to 24 months.

3.2 Regulatory overview

(a) ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Directors, George Karafotias and Eric Jiang, are both directors and shareholders of the Promoter and therefore the Promoter is a related party of the Company. Accordingly, shareholder approval is being sought in accordance with the ASX Listing Rule 10.11.

(b) Section 208(1) of the Corporations Act

Section (b) of this Explanatory Statement sets out a summary of section 208(1) of the Corporations Act.

The issue of Shares to the Promoter would constitute the giving of a financial benefit under the Corporations Act. As noted above, the Promoter is a related party of the Company. Accordingly, shareholder approval is being sought in accordance with the Corporations Act.

3.3 Information required by ASX Listing Rules, Corporations Act and ASIC Regulatory Guides

(a) ASX Listing Rule 10.13

Name of the person	Perpetual Consulting Group Pty Ltd
The maximum number of securities to be	7,500,000 Shares

issued	
The date by which the entity will issue the securities	Listing Rule 10.13.3 requires that the Shares be issued no later than 1 month after the date of the General Meeting. The Company has made an application to the ASX to permit the Company to issue the Shares at the same time as the issue of Shares pursuant to the Capital Raising.
Statement of relationship	Directors, George Karafotias and Eric Jiang, are both directors and shareholders of the Promoter.
The issue price of the securities and a statement of the terms of the issue	Each Share has a deemed issue price of \$0.20 and each Share will rank equally with all other Shares on issue.
Intended use of the funds raised	No funds will be raised pursuant to the Promoter Issue as they are being issued as consideration for the payment of promoter services provided by the Promoter to the Company.

(b) **Section 219 of the Corporations Act and ASIC Regulatory Guide 76**

Name of related parties	Perpetual Consulting Group Limited
Statement of the relationship between related parties and the Company	The Promoter is a related party of the Company because it is an entity that Directors George Karafotias and Eric Jiang control.
Nature of the financial benefit	The Promoter will be issued with 7,500,000 Shares.
Reasons for giving the financial benefit	The Shares are being issued as consideration for services provided in the promotion of the Company and the Capital Raising.
Directors' recommendations	All Directors (other than George Karafotias and Eric Jiang) recommend that Shareholders vote in favour of Resolution George Karafotias and Eric Jiang abstain from making a recommendation in respect of Resolution 4 as they have an interest in the outcome of the resolution as directors and shareholders of the Promoter.
Directors' interest in the outcome	Both George Karafotias and Eric Jiang have an interest in the outcome of Resolution 4 as they are both directors and shareholders of the Promoter. No other Director has an interest in the outcome of Resolution 4.
Other information	Nil
Valuation of the financial benefit	Each Share issued pursuant to the Promoter Issue has a deemed issue price of \$0.20 per Share (however no funds will be raised as part of the issue). Accordingly, the value of the financial benefit provided to the Promoter is \$1,500,000.
Related party's existing interests	The Promoter does not currently have a relevant interest in any Shares on issue as at the date of this Notice of Meeting.

4 Resolution 5: Approval of the issue for Capital Raising

4.1 Background

Resolution 5 is an ordinary resolution and seeks Shareholder approval under ASX Listing Rule 7.1 for the allotment and issue of up to 30,000,000 Shares raising up to a total of \$6,000,000 pursuant to an offer to be made under a prospectus (**Capital Raising**). The minimum subscription amount pursuant to the capital raising will be \$3,000,000 (15,000,000 Shares). No Shares will be issued under the prospectus until the minimum subscription has been reached.

The Company intends to conduct the Capital Raising as part of its compliance with Chapters 1 and 2 of the Listing Rules for the purpose of Listing Rule 11.1.3 (**Prospectus**). In accordance with the offer to be issued under the Prospectus, the Company proposes to issue up to 30,000,000 Shares at an issue price of \$0.20 per Share.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As the proposed issue under Resolution 5 will result in an issue of more than 15% of the Company's capital in a 12 month period, Shareholder approval is required under Listing Rule 7.1 for the issue of Shares.

Accordingly, the Company is seeking the approval of Shareholders to issue up to 30,000,000 Shares to subscribers of the offer under a prospectus to raise up to \$6,000,000.

All of these Shares will, on issue, rank equally in all respects with the Shares.

4.3 Information required by ASX Listing Rule 7.3

Number of securities allotted	Up to 30,000,000 Shares
Price at which the securities were issued	\$0.20
Terms of the securities	Fully paid ordinary Shares
Names of allottees	Persons subscribing for Shares under the Prospectus
Intended use of funds raised	Funds raised will be used to provide working capital for the Company. Full details of the use of the subscription monies will be set out in the Prospectus
Date of allotment	No later than 3 months after the date of the General Meeting (unless a longer period is allowed by ASX).

The effect of the Resolution will be to allow the Directors to issue more than 15% of the Company's existing capital under the Prospectus during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX).

4.4 Interdependence of Resolutions

If Resolutions 1 to 4 (inclusive) are not passed, the Capital Raising will not proceed.

4.5 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

5 Resolution 6: Approval of the change in company name

5.1 Background

Following the acquisition of all of the shares in miRoamer, the Company will essentially be a new business comprising the activities of miRoamer. To reflect this new phase a change of name is considered appropriate. The proposed new name is "Connexion Media Limited" and the Company has reserved this name with ASIC.

5.2 Regulatory requirements

Section 157 of the Corporations Act requires that a special resolution of Shareholder be passed at a duly convened meeting in order for the name of the Company to be changed.

5.3 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

6 Resolution 7: Approval of the adoption of a new constitution

6.1 Background

The Company's current Constitution was adopted by members more than 15 years ago. In recognition of the importance of ensuring that the Constitution is a contemporary document, the Board considers that it is an appropriate time to update the constitution of the Company.

The Directors are of the view that the current Constitution should be replaced with the proposed Constitution that reflects the current law and general corporate and commercial practice.

The proposed Constitution is in a form appropriate for a public company listed on the ASX and reflects the present Corporations Act and incorporates provisions that are consistent with the current ASX Listing Rules.

A summary of some of the key differences between the existing Constitution and the proposed new Constitution is set out below.

(a) Unmarketable Parcels

Clause 3.10 of the new constitution sets out a procedure for the Company in dealing with unmarketable parcels.

ASX Listing Rule 15.13 provides that a company's constitution must not permit it to sell securities of a holder who has less than a marketable parcel of those share unless the constitution provides that:

- (i) the company may only do so once in any 12 month period;
- (ii) the company must notify the shareholder in writing of its intentions; and
- (iii) the shareholder must be given at least six weeks from the date the notice is sent in which to tell the company that the holder wishes to retain the holding.

Clause 3.10 of the new constitution complies with the requirements of the ASX Listing Rules.

(b) Dividends

Prior to 28 June 2010, section 254T of the Corporations Act required that a company could only pay dividends out of profits. This provision was amended by the Corporations Amendment (Corporate Reporting Reform) Act 2010 and now provides that a company may only pay a dividend if:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and

- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former Corporations Act provisions with respect to dividends. The proposed Constitution will enable the Company to pay dividends in accordance with the current Corporations Act provision (and will also allow some flexibility if these provisions are amended further).

(c) Proportional takeover provisions

Clause 3.11 of the new Constitution contains proportional takeover approval provisions. The current Constitution already contains such provisions, however in order for the provisions to have effect, they must be renewed every 3 years in accordance with the Corporations Act. By adopting the new Constitution, the proportional takeovers provision will apply for a period 3 years from the date of the General Meeting.

Effect

A proportional takeover bid is one where an offer is made to each shareholder for a proportion of that shareholder's shares. With the proportional takeover provision in the constitution, in the event of a proportional takeover bid being made, the directors must hold a meeting of the shareholders of the class of shares being bid for to consider whether or not to approve the bid. A resolution approving the bid must be voted on by the 14th day before the end of the bid period. The resolution will be passed if more than 50% of votes are cast in favour of the approval. (The bidder and its associates are not allowed to vote on the resolution.) If no such resolution is voted on by that deadline, a resolution approving the bid is taken to have been passed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn. If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and the company's constitution.

The proportional takeover provisions do not apply to full takeover bids.

Reasons

Without the proportional takeover approval provisions being included in the constitution, a proportional takeover bid may enable control of the company to pass without shareholders having the opportunity to sell all their shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the company and the risk of the bidder being able to acquire control of the company without payment of an adequate control premium for their shares.

The proposed proportional takeover provisions lessen this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

No knowledge of any acquisition proposals

At the date of this notice, no director of the company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the company.

Review of proportional takeover provisions

The Corporations Act requires that shareholders be given a statement which retrospectively examines the advantages and disadvantages, for directors and shareholders, of the proportional takeover provisions proposed to be renewed. Such a statement follows.

The current Constitution already contains proportional takeover provisions and while proportional takeover provisions have been in effect under the company's constitution, no takeover bids for the company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which the advantages or disadvantages of the existing proportional takeover provisions could be reviewed for

the directors and shareholders of the company. The directors are not aware of any potential takeover bid that was discouraged by the proportional takeover provisions.

Potential advantages and disadvantages

As well as a retrospective review of the provisions proposed to be renewed, the Corporations Act requires that shareholders be given a statement of the potential future advantages and disadvantages of the provisions.

The directors of the company consider that the proposed re-adoption of the proportional takeover provisions has no potential advantages or potential disadvantages for directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the proposed proportional takeover provisions for shareholders of the company are:

- (i) they give shareholders their say in determining by majority vote whether a proportional takeover bid should proceed;
- (ii) they may assist shareholders avoid being locked in as a relatively powerless minority;
- (iii) they increase shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced; and
- (iv) knowing the view of the majority of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages to shareholders of the company are:

- (i) they are a hurdle to, and may therefore discourage, the making of proportional takeover bids in respect of the company;
- (ii) this hurdle may depress the share price or deny shareholders an opportunity of selling their shares at a premium; and
- (iii) it may reduce the likelihood of a proportional takeover being successful.

However, the directors of the company do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

A copy of the Company's existing Constitution and the proposed Constitution can be obtained by contacting the Company at its registered address. A copy of the proposed Constitution will also be available at the General Meeting.

1.2 Regulatory requirements

Section 136(2) of the Corporations Act requires that a special resolution of Shareholder be passed at a duly convened meeting in order for the constitution of the Company to be modified or repealed.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. The Directors believe that it is preferable in the circumstances to repeal the existing Constitution and replace it with a new constitution rather than try to amend numerous specific provisions.

1.3 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

2 Resolution 8: Approval of the appointment of George Parthimos

2.1 Background

Set out below is a summary of the qualifications and experience of Mr Parthimos.

Mr Parthimos has a Bachelor of Business (Computing) Degree, Graduate Certificate of Management, and is a certified PRINCE2 project management practitioner.

Mr Parthimos has over 20 years of IT experience predominately in the internet, infrastructure and portfolio management areas and has previously spent over 10 years working for Telstra Corporation (Australia's largest telecommunications company) where he specialised in developing internet and emerging multimedia products and services.

2.2 Regulatory requirements

The Corporations Act provides that the Company may appoint a person to act as director by resolution passed at a general meeting.

2.3 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

GLOSSARY

The following words and expressions used in the notice of meeting and Explanatory Statement have the following meanings unless the context requires otherwise:

Administrator means Giovanni Maurizio Carrello.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 98 008 624 691

Board means the board of directors of the Company.

Business Day has the meaning given to that term in the Listing Rules.

Capital Raising has the meaning given in section 5.1 of the Explanatory Statement.

Company means ECSI Limited (ACN 004 240 313).

Completion Date means the date of completion of the Proposed Transaction.

Consolidation means the consolidation of the issued securities of the Company existing as at the date of the General Meeting on a 1 for 100 basis (rounded up to the nearest whole number).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

DOCA means the deed of company arrangement entered into between the Administrator and the Company on or about 20 September 2013.

Explanatory Statement means the explanatory statement accompanying the notice of meeting for the general meeting of the Company to be held on 22 April 2014.

Independent Expert means RSM Bird Cameron Corporate Pty Ltd (ABN 82 050 508 024).

Independent Expert's Report means the report prepared by the Independent Expert set out in Annexure A.

IT means information technology.

Listing Rules means the Listing Rules of the ASX.

Meeting or General Meeting means the meeting to which this Notice of Meeting relates.

miRoamer means miRoamer Pty Ltd (ACN 129 707 026).

miRoamer Shares means the entire issued share capital of miRoamer.

MMH means Mi Media Holdings Limited (ACN 130 028 063).

Notice of Meeting means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Promoter or Perpetual means Perpetual Consulting Group Pty Limited (ACN 150 717 178).

Promoter Issue means the issue of 7,500,000 Shares to the Promoter contemplated by Resolution 4.

Proposed Transaction means the acquisition by the Company of 100% of the issued shares of miRoamer.

Prospectus has the meaning given in section 5.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Re-Compliance Date means the date the suspension of trading is lifted and the Company's securities commence trading again on ASX, anticipated to be on or around 9 June 2014.

Relevant Interest has the meaning given in section 608 of the Corporations Act.

Resolution means a resolution proposed in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

ECSI Limited: Proxy Form

Section 1: Security Holder

Name(s) _____
 Address _____
 Security Holder Reference Number _____

Section 2: Appointment of Proxy

I/We being a member/s of the Company hereby appoint:

The Chairman of the Meeting
 (mark with an "x")

OR

(Write here the name of the person you are appointing if this person/s is someone other than the chairman of the meeting)

Write here % of votes or number of shares if appointing 2 proxies

(Write here the name of the person you are appointing if you are appointing a second proxy)

Write here % of votes or number of shares if appointing 2 proxies

or failing the person/s named, or if no person/s is named, the Chairman of the meeting, as my/our proxy and to vote in accordance with the directions in Section 3 below (or if no directions have been given, as the proxy sees fit) at the General Meeting of ECSI Limited to be held at Perpetual Consulting Group, Level 11, 499 St Kilda Road, Melbourne VIC 3004 at 11.00 am on 22 April 2014 at any adjournment of that meeting.

Section 3: Items of Business

I/We direct as follows:

		For	Against	Abstain
Resolution 1	Approval of the Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the Proposed Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of the change in nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the issue of Shares to the Promoter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of the issue for prospectus capital raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of the change in company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of the adoption of a new constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of the appointment of Mr Parthimos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note:

- (1) If you have appointed a proxy and mark the ABSTAIN box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.
- (2) Undirected proxies received by the Chairman of the meeting will be voted in favour of each Resolution.

Section 7. Authorized Signatures

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Security Holder 1 (Individual)

Sole Director and Sole Company Secretary

Security Holder 2 (Individual)

Director

Security Holder 3 (Individual)

Director/Company Secretary (delete one)

()

Contact Name

Contact daytime telephone

Email

Date

YOUR VOTE IS IMPORTANT - PLEASE READ THE INFORMATION BELOW

If you are unable to attend the meeting, you are encouraged complete and lodge this form.

Appointing a proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid for that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement of 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Section 2 overleaf.

A proxy need not be a shareholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Please bring this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from the company's share registry.

For your vote to be effective it must be received no later than 11.00 am on 20 April 2014

Lodging a proxy form

Send completed forms to:

By Fax:	+613 98665859
By Mail:	Suite1, Level 11 499 St. Kilda Road Melbourne Victoria 3004
In Person:	Suite 1, Level 11 499 St. Kilda Road Melbourne Victoria 3004



RSM Bird Cameron Corporate Pty Ltd

ECSI Limited

**Financial Services Guide and
Independent Expert's Report**

17 March 2014

We have concluded that for the purposes of Section 611, Item 7 of the Corporations Act 2001 and Listing Rule 10.1, the Proposed Transaction is Fair and Reasonable for the Non-Associated Shareholders of ECSI

Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
 - (a) basic deposit products;
 - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

Independent Expert's Report

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Appendix 1 – Declarations and Disclaimers

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17 March 2014

The Directors
ECSI Limited
Level 11, 499 St Kilda Road
MELBOURNE VIC 3000

Dear Sirs

Independent Expert's Report**1. Introduction**

- 1.1. On 11 June 2013, the directors of ECSI Limited ("ECSI" or "the Company") appointed Giovanni Maurizio Carrello of BRI Ferrier ("Administrator") as administrator of the Company.
- 1.2. On 10 September 2013, the Company's creditors resolved pursuant to section 439(a) of the Corporations Act 2001, that the Company execute a deed of company arrangement ("DOCA"). On 19 September 2013, ECSI entered into a DOCA ("ECSI DOCA") pursuant to a recapitalisation proposal ("Recapitalisation Proposal") made by Mi Media Holdings Limited ("MMH").
- 1.3. The Recapitalisation Proposal included the conversion of convertible notes to 150,000,000 shares to extinguish liabilities of the Company to convertible note holders, the issue of 300,000,000 shares to MMH to raise \$200,000 for use by the Company, the acquisition of 80,000,000 ECSI shares by MMH for the sum of \$100,000, and forgiveness of the claims of the creditors.
- 1.4. At the Company's Annual General Meeting held on 30 January 2014, ECSI Shareholders approved the conversion of convertible notes to 150,000,000 shares to extinguish liabilities of the Company to convertible note holders (totalling \$169,000 at 30 June 2013, comprising principal loan amounts of \$150,000 plus interest), and the issue of 300,000,000 shares to MMH to raise \$200,000, as part of the Recapitalisation Proposal.
- 1.5. This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of Meeting and Explanatory Statement for shareholders for the General Meeting of ECSI to be held in April 2014 at which shareholder approval will be sought for a number of resolutions relating to the acquisition of MiRoamer Pty Ltd (a wholly-owned subsidiary of MMH).

Resolution 1: Approval of the Consolidation

To consider and, if thought fit, to past the following resolution, with or without amendment, as an ordinary resolution:

"That, subject to Resolutions 2 to 5 (inclusive) being passed, pursuant to section 254H of the Corporations Act 2001 (Cth), the total issued share capital of the Company be consolidated at a ratio of 1 Share for every 100 Shares currently on issue, rounded up to the nearest whole number and otherwise on the terms described in the Explanatory Statement."



Resolution 2: Approval of the Proposed Transaction

To consider and, if thought fit, to past the following resolution, with or without amendment, as an ordinary resolution:

“That, subject to Resolutions 1, 3, 4 and 5 being passed, for the purposes of section 208(1) and item 7 of section 611 of the Corporations Act and ASX Listing Rule 10.1, and for all other purposes, approval is given to the issue of 45,000,000 Shares to Mi Media Holdings Limited or its nominees to acquire all of the issued shares in MiRoamer Pty Ltd as detailed in the accompanying Explanatory Statement.”

Resolution 3: Approval of the change in nature and scale of activities

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

“That, subject to Resolutions 1, 2, 4 and 5 being passed, for the purpose of ASX Listing Rule 11.1.2 and all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”

Resolution 4: Approval of the issue of Shares to Perpetual Consulting Group

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

“That, subject to Resolutions 1, 2, 3 and 5 being passed, for the purposes of section 208(1) of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, approval is given to the issue of 7,500,000 Shares to Perpetual Consulting Group Limited for its assistance with the promotion of the Company as detailed in the accompanying Explanatory Statement.”

Resolution 5: Approval of the issue for prospectus capital raising

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

“That, subject to Resolutions 1 to 4 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and all other purposes, approval is given for the issue, under a prospectus of up to 30,000,000 Shares in the capital of the Company, with the Shares to be issued at an issue price of \$0.20 to raise an amount of up to \$6,000,000 and otherwise on the terms described in the Explanatory Statement.”

Resolution 6: Approval of the change in company name

To consider and, if thought fit, to pass the following resolution, with or without amendment, as a special resolution:

“That pursuant to section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to Connexion Media Limited.”

Resolution 7: Adoption of new constitution

To consider and, if thought fit, to pass the following resolution, with or without amendment, as a special resolution:

“That pursuant to section 136(2) of the Corporations Act and for all other purposes, the Constitution tabled at the meeting and signed by the Chairman of the meeting and for the purposes of identification, be adopted as the Constitution of the Company in place of the present Constitution, with effect from the close of the meeting.”

Resolution 8: Approval of the appointment of George Parthimos

To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

“That, George Parthimos, being eligible and having consented to act, be appointed as a director of the Company from the Re-compliance Date.”

- 1.6. The Directors of ECSI have requested RSM Bird Cameron Corporate Pty Ltd (“RSMBCC”), being independent and qualified for the purpose, to express an opinion as to whether Resolution 2 (“the Proposed Transaction”) is fair and reasonable to ECSI shareholders not associated with the Proposed Transaction (“the Non-Associated Shareholders” or “Shareholders”).
- 1.7. If Resolutions 1, 2, 3, 4 and 5 are not passed, the Proposed Transaction will not proceed. We have assessed whether Resolutions 1 to 4 are fair and reasonable to Non-Associated Shareholders through evaluating whether the Proposed Transaction is, as a whole, fair and reasonable to Non-Associated Shareholders.
- 1.8. We have considered the approval of Resolution 5 in our assessment of the reasonableness of the Proposed Transaction.
- 1.9. The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder’s assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction, or matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

2.1. In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, for the purposes of Section 611, Item 7 of the Corporations Act 2001 and Listing Rule 10.1, the Proposed Transaction is **Fair and Reasonable** for the Non-Associated Shareholders of ECSI.

Fairness

2.2. In assessing the fairness of the Proposed Transaction, we have valued a share in ECSI prior to and immediately after the Proposed Transaction as set out in the table below.

	Valuation		
	Low \$	High \$	Preferred \$
Value per share prior to the Proposed Transaction	\$Nil	\$Nil	\$Nil
Value per share immediately after the Proposed Transaction	\$Nil	\$Nil	\$Nil

Table 1: Valuation Summary

2.3. In our opinion, as the preferred value of an ECSI share immediately after the Proposed Transaction, is equal to the value of an ECSI share prior to the Proposed Transaction, we consider the Proposed Transaction to be **Fair** to the Non-Associated Shareholders of ECSI.

Reasonableness

2.4. Regulatory Guide 111 Content of Expert Reports ("RG 111") establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid.

2.5. Given that we have concluded that the Proposed Transaction is **Fair** to the Non-Associated Shareholders of ECSI, the Proposed Transaction is **Reasonable**.

2.6. Notwithstanding the above discussion, we have given consideration in section 11 of the Report to the future prospects of ECSI if the Proposed Transaction does not proceed, alternative offers, and the advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.7. In our opinion, the key advantages of the Proposed Transaction are:

- the Proposed Transaction is fair;
- the Company will seek approval for re-quotation on the Official List of the ASX. The re-quotation of ECSI shares will provide Non-Associated Shareholders with some liquidity to crystallise the value of their shares;
- possible improvement in the liquidity of ECSI shares if the Proposed Transaction creates increased interest in the Company and hence a more efficient market for shareholders to dispose of their shareholdings;

- the proposed acquisition of MiRoamer Pty Ltd (“MiRoamer”) will provide shareholders with the opportunity to participate in the future development of a start-up technology provider; and
- Resolutions 1 to 4 are dependent upon approval of Resolution 5. In the event that the Company is able to raise between \$3 million to \$6 million (before deducting the costs of capital raising), its prospects of continuing as a going concern will be significantly improved.

2.8. The key disadvantages of the Proposed Transaction are:

- the completion of the Proposed Transaction is contingent upon the Company's ability to undertake a capital raising and to comply with Chapters 1 and 2 of the Listing Rules. The Company will incur costs irrespective of whether or not a capital raising is successfully achieved. In the event that the capital raising is not successful, it is unlikely that ECSI will be able to raise sufficient funds in the short term to continue as a going concern and to pursue alternative investment proposals.
- dilution of existing ECSI Shareholders' interests from 48.1% to 10.2% (immediately after the Proposed Transaction), to 6.9% (assuming \$6 million capital raising);
- existing ECSI Shareholders will be exposed to the volatile nature of a technology start-up company; and
- in the event future capital raisings are required, Non-Associated Shareholders' ownership interests may be further diluted.

2.9. We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of ECSI at this time.

2.10. In the absence of any other relevant information and/or a superior offer, for the purposes of Section 611, Item 7 of the Corporations Act 2001 and Listing Rule 10.1, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of ECSI.



3. Summary of Proposed Transaction

- 3.1. On 28 December 2012, ECSI announced that subject to shareholder approval, it had entered into an agreement regarding the acquisition of 100% of the issued shares in MiRoamer in exchange for the issue of 1,930,000,000 ordinary shares in ECSI at a value of \$0.005 per share.
- 3.2. On 26 February 2013, a further announcement was made by the Company to confirm that the Proposed Transaction was progressing forward and RSMBCC had been appointed to prepare the independent expert's report.
- 3.3. On 11 June 2013, ECSI appointed the Administrator as administrator of the Company.
- 3.4. At the Company's Annual General Meeting held on 30 January 2014, ECSI Shareholders approved the conversion of convertible notes to 150,000,000 shares to extinguish liabilities of the Company to convertible note holders (totalling \$169,000 at 30 June 2013, comprising principal loan amounts of \$150,000 plus interest), and the issue of 300,000,000 shares to MMH to raise \$200,000, as part of the Recapitalisation Proposal.
- 3.5. The notice of annual general meeting and its accompanying explanatory statement, announced on 30 December 2013, included an update to the Proposed Transaction, stating that ECSI was continuing with negotiations to acquire 100% of the issued shares in MiRoamer from MMH in exchange for the issue of 45,000,000 ordinary shares in ECSI at a value of \$0.20 per share (consideration of \$9,000,000 on a post-consolidation basis), subject to Shareholder approval.

Terms of the Recapitalisation Proposal

- 3.6. A summary of the terms of the Recapitalisation Proposal is set out below:
 - (a) the issue of 150,000,000 shares to convertible note holders ("Convertible Note Holders");
 - (b) the issue of 300,000,000 shares to MMH to raise \$200,000 which enabled ECSI to resolve its creditor claims;
 - (c) the acquisition of 80,000,000 shares by MMH from an ECSI shareholder, Jim Green or his nominee, for the sum of \$100,000;
 - (d) the resignation of both Wilton Yao and Jeffrey Tan as directors of the Company; and
 - (e) the repayment of a loan (principal amount of \$296,500) received on 20 January 2013 to fund the acquisition of MiRoamer and for working capital purposes ("Secured Loan"), to be extended by 12 months and the lender agreeing to waive any and all its rights in respect of any current default under the terms of the loan.

Terms of the Proposed Transaction

3.7. A summary of the key terms of the Proposed Transaction is set out below:

- (i) the consolidation of the total issued share capital of the Company at a ratio of 1 Share to every 100 Shares currently on issue, rounded up to the nearest whole number (Resolution 1);
- (ii) the acquisition of MiRoamer in exchange for the issue of 45,000,000 shares (on a post-consolidation basis) to MMH (Resolution 2);
- (iii) the issue of 7,500,000 shares (on a post-consolidation basis) to Perpetual Consulting Group Limited ("Perpetual Consulting Group") (Resolution 4);
- (iv) a capital raising to comply with Chapters 1 and 2 of the ASX Listing Rules, with shareholder approval sought for up to 30,000,000 shares to be issued (on a post-consolidation basis) at an issue price of \$0.20 to raise an amount of up to \$6,000,000 (Resolution 5); and
- (v) in the event the Proposed Transaction is approved, the Company will change the nature and scale of its activities (Resolution 3).

Effect of the Recapitalisation and the Proposed Transaction on the capital structure of the Company

3.8. The table below summarises the capital structure of the Company after the approval of the Recapitalisation Proposal, and immediately prior to and following the Proposed Transaction.

	Number of Shares	%
Prior to Recapitalisation		
Shares held by Non-Associated Shareholders	570,536,387	100.0%
Total Shares	570,536,387	100.0%
Effects of Recapitalisation		
Shares issued to Convertible Note Holders	150,000,000	14.7%
Shares issued to MMH to raise \$200,000	300,000,000	29.4%
Shares acquired by MMH	80,000,000	7.8%
Shares held by Non-Associated Shareholders	490,536,387	48.1%
Total Shares after Recapitalisation and prior to the Proposed Transaction	1,020,536,387	100.0%
Consolidation on a 1:100 basis		
Shares held by Convertible Note Holders	1,500,000	14.7%
Shares held by MMH	3,800,000	37.2%
Shares held by Non-Associated Shareholders	4,905,364	48.1%
Total Shares on issue post consolidation	10,205,364	100.0%
Effects of the Proposed Transaction		
Shares issued to MMH to acquire Miroamer	45,000,000	71.8%
Shares held by MMH	3,800,000	6.1%
Shares issued to Perpetual Consulting Group	7,500,000	12.0%
Shares held by Non-Associated Shareholders	6,405,364	10.2%
Total Shares on issue immediately after the Proposed Transaction	62,705,364	100.0%

Table 2: ECSI Share Structure pre and post completion of the Proposed Transaction

- 3.9. The approval of the Recapitalisation Proposal has resulted in the dilution of Non-Associated Shareholders' interest in ECSI from 100.0% to 48.1%.
- 3.10. The approval of the Proposed Transaction will result in the dilution of Non-Associated Shareholders' interest in ECSI (prior to the capital raising as set out in paragraphs 3.14 to 3.16 below) from 48.1% to 10.2% as set out in Table 2 above.
- 3.11. The approval of the Proposed Transaction will result in MMH owning a 71.8% interest in the Company (prior to the capital raising as set out in paragraphs 3.14 to 3.16 below).
- 3.12. The acquisition of MiRoamer will result in the change of the nature and scale of the Company's activities. Accordingly, the Company will be required to:
- comply with the requirements of Chapter 11 of the ASX Listing Rules;
 - obtain Shareholder approval for the Proposed Transaction; and
 - issue a prospectus and otherwise satisfy the listing requirements of Chapters 1 and 2 of the ASX Listing Rules as though the Company was undertaking an initial public offering.

Effect of the proposed capital raising on the capital structure of the Company

- 3.13. The table below summarises the capital structure of the Company immediately after the approval of the proposed capital raising.

	Capital raising of \$3 million		Capital raising of \$6 million	
	Number of Shares	%	Number of Shares	%
Effects of a Capital Raising				
Shares held by MMH	48,800,000	62.8%	48,800,000	52.6%
Shares held by Perpetual Consulting Group	7,500,000	9.7%	7,500,000	8.1%
Shares held by Non-Associated Shareholders	6,405,364	8.2%	6,405,364	6.9%
Capital raising shares issued to raise between \$3 million and \$6 million	15,000,000	19.3%	30,000,000	32.4%
Total Shares on issue immediately after the Proposed Transaction	77,705,364	100.0%	92,705,364	100.0%

Table 3: ECSI Share Structure after completion of the proposed capital raising

- 3.14. Approval of Resolution 5 will permit the Company to issue up to 30,000,000 shares at an issue price of \$0.20 to raise an amount of up to \$6,000,000. Subject to the approval of Resolution 5, the Directors intend to undertake a capital raising to raise between \$3,000,000 and \$6,000,000 (before deducting the costs of capital raising) through the issue of 15,000,000 to 30,000,000 ordinary shares on a post-consolidation basis at an issue price of \$0.20, as set out in the table above.
- 3.15. Approval of Resolution 5 will result in Non-Associated Shareholders' interest in ECSI being further diluted from 10.2% to between 6.9% and 8.2%.
- 3.16. Approval of Resolution 5 will result in MMH owning interests of between 52.6% and 62.8% in the Company.

4. Purpose of this Report

Corporations Act

- 4.1. Section 606(1) of the Corporations Act ("the Act") provides that, subject to limited specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company, if as a result of the acquisition, any person's voting power in the company would increase from 20% or below to more than 20%, or, from a starting point that is above 20% and below 90%. In broad terms, a person has a "relevant interest" if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) holds, compared with the total number of voting shares in the company.
- 4.2. Completion of the Proposed Transaction will result in MMH increasing its relevant interest in the Company from 37.2%, to 71.8% (before a capital raising).
- 4.3. Therefore the Company will be in breach of Section 606(1) of the Act in the absence of an applicable exemption.
- 4.4. Section 611, Item 7 of the Corporations Act provides an exemption to the rule noted in paragraph 4.1 above. Section 611, Item 7 allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited under Section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company; and:
1. no votes are cast in favour of the resolution by the proposed acquirers or respective associates; and
 2. there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution.
- 4.5. Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the commissioning of an Independent Expert's Report in such circumstances and provides guidance on the content.

Listing Rule 10.1

- 4.6. The Company is seeking approval for the issue of shares to MMH in exchange for the acquisition of a 100% interest in MiRoamer for the purposes of Listing Rule 10.1.
- 4.7. Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and "persons in a position of influence". Listing Rule 10.1 provides that a company must not acquire a "substantial asset" from a related party, a substantial holder, a subsidiary, an associate to any of those persons or any person whose relationship is to the listed company (or to a related party of a listed company) without the approval of holders of ordinary securities.
- 4.8. An asset is deemed to be substantial if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity. The shares to be issued to MMH as consideration to acquire MiRoamer will constitute more than 5% of the equity in the Company.
- 4.9. MMH is a substantial holder of the Company, having a relevant interest of 37.2% of the issued share capital in the Company.

- 4.10. Listing Rule 10.10.2 requires a report on the transaction from an independent expert. The report must state the expert's opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

Basis of Evaluation

- 4.11. In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.
- 4.12. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.13. RG 111 states that the expert report should focus on:
- the issues facing the security holders for whom the report is being prepared; and
 - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.14. Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 4.15. RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover bid, stating:
- A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
 - A takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer.
- 4.16. Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is "fair and reasonable" to the Non-Associated Shareholders, the analysis undertaken is as follows:
- A comparison of the fair value of an ordinary share in ECSI prior to and immediately following the Proposed Transaction, being the 'consideration' for Non-Associated Shareholders - fairness; and
 - A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction - reasonableness.
- 4.17. In particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that the Proposed Transaction proceeds or does not proceed including:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
 - Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Approval required under Listing Rule 10.1

- 4.18. When analysing related party transactions, RG 111 states that where the related party transaction is one component of a broader transaction or a series of transactions involving non-related parties (such as a control transaction), the expert should carefully consider what level of analysis of the related party is required. In this consideration, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction.
- 4.19. RG 111 applies the fair and reasonable test as a two distinct criteria, stating that a proposed related party transaction is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.
- 4.20. A related party transaction is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes there are sufficient reasons for members to vote for the transaction.
- 4.21. RG 111.63 states that, generally an expert need only conduct one analysis of whether the transaction is fair and reasonable, even if the report has been prepared for a reason other than the transaction being a related party (e.g. if Section 611, Item 7 approval is also required).

5. Profile of ECSI

- 5.1. ECSI was created in 2002 through a back-door listing into the shell of Omni Group Limited ("Omni"). Omni was a telecommunications company which had been listed on the ASX since 1974, but suspended from trading following the appointment of an administrator.
- 5.2. ECSI was an electronic security technology company with an interest in a security business located in the People's Republic of China which developed a National Alarm Response ("NAR") system for use within certain Chinese cities. The NAR system provided a secure communications network for online monitoring of buildings, vehicles and personal residences.
- 5.3. In June 2004, ECSI was placed into voluntary administration and the shares suspended following a delay in the receipt of working capital funding. A Deed of Company Arrangement was agreed and the Company was released from administration in September 2004.
- 5.4. ECSI was re-instated to official quotation on 27 May 2010.
- 5.5. On 16 July 2010, the Company announced the proposed acquisition of Chinaway Technology Development Ltd ("Chinaway"), a Chinese technology company, from Alpha Wealth Financial Services Pty Ltd ("Alphawealth"), for a total consideration of \$200,000 cash and the issue of 6,666,667 shares in ECSI, contingent on financial milestones.
- 5.6. On 9 August 2010, the Company announced that it had signed a term sheet to acquire 100% of Alphacoal Capital Pty Ltd ("Alphacoal") for \$2,000,000 from Alphawealth. Alphacoal held an option to purchase either the business and assets of Qitaihe Puneng Coal Chemicals Company Limited ("Puneng") or the shares in Puneng, from Vigor Holdings Ltd. Puneng's main activities were the processing of raw and float coal to produce coke and other by-products. ECSI paid Alphawealth a deposit of \$1,000,000 for the acquisition of Alphacoal. On 8 March 2011 the Company announced that the Directors had decided not to proceed with the acquisition of Puneng.
- 5.7. On 13 April 2011, the Company announced that it had signed term sheets for the acquisition of a number of interests in uranium tenements located in South Africa, Mauritania and Namibia (collectively, "the African Sale Assets"). For total payment of \$200,000 to the vendors of the African Sale Assets, the Company was granted a 60 day exclusivity period to conduct due diligence investigations on the African Sale Assets.
- 5.8. On 27 January 2012, the Company announced that as a result of the due diligence investigations, ECSI had determined to proceed with the purchase of one of the African Sale Assets in Namibia ("African Asset"). Further, on 27 January 2012, the Company also announced that it had entered into an agreement to purchase 7 Hungarian coal permits ("the Hungarian Assets").
- 5.9. On 15 August 2012, the shareholders of the Company approved the acquisition of the African Asset and the Hungarian Assets.
- 5.10. On 28 December 2012, the Company announced that it had decided not to proceed with the acquisition of either the African Asset or the Hungarian Assets. The Company also announced that, subject to shareholder approval, it had entered into an agreement to acquire 100% of the issued shares in MiRoamer in exchange for the issue of 1,930,000,000 shares in ECSI at a value of \$0.05 per share.
- 5.11. On 11 June 2013, ECSI appointed the Administrator as administrator of the Company. ECSI's shares have been suspended from trading since 23 August 2013.

- 5.12. At the Company's Annual General Meeting held on 30 January 2014, ECSI Shareholders approved the conversion of convertible notes to 150,000,000 shares to extinguish liabilities of the Company to convertible note holders (totalling \$169,000 at 30 June 2013, comprising principal loan amounts of \$150,000 plus interest), and the issue of 300,000,000 shares to MMH to raise \$200,000, as part of the Recapitalisation Proposal.
- 5.13. The notice of annual general meeting and its accompanying explanatory statement, announced on 30 December 2013, included an update to the Proposed Transaction, stating that ECSI was continuing with negotiations to acquire 100% of the issued shares in MiRoamer from MMH in exchange for the issue of 45,000,000 ordinary shares in ECSI at a value of \$0.20 per share (consideration of \$9,000,000 on a post-consolidation basis), subject to Shareholder approval.

Financial Performance

- 5.14. The table below sets out the financial performance of ECSI for the six months ended 31 December 2013 and the three years ended 30 June 2013.

	Ref	Period ended 31-Dec-13 <i>Reviewed</i> \$	Year ended 30-Jun-13 <i>Audited</i> \$	Year ended 30-Jun-12 <i>Audited</i> \$	Year ended 30-Jun-11 <i>Audited</i> \$
Revenue	5.15	-	-	-	5,757
Expenses:					
Administrative and corporate		(30,632)	(118,167)	(194,926)	(344,743)
Costs of the administrator		-	(26,500)	-	-
Depreciation of plant and equipment		-	-	-	(1,808)
Due diligence		-	(180,067)	(310,225)	(538,986)
Employment costs and directors' fees	5.16	147,500	(157,994)	(55,285)	-
Finance costs		(33,837)	(28,062)	(4,400)	-
Impairment charge	5.17 to 5.18	-	(53,693)	(58,083)	(1,200,000)
Occupancy		-	(35,228)	(2,136)	(14,942)
Profit/(loss) before tax		83,031	(599,711)	(625,055)	(2,094,722)
Tax		-	-	-	-
Profit/(loss) attributable to members of the company		83,031	(599,711)	(625,055)	(2,094,722)
Other comprehensive income		-	-	-	-
Total comprehensive profit/(loss) for the period/year attributable to members of the company	5.16	83,031	(599,711)	(625,055)	(2,094,722)

Source: ECSI audited and reviewed financial statements for the three years ended 30 June 2013 and the six months ended 31 December 2013

Table 4: Financial Performance of ECSI for the three years ended 30 June 2013 and the period ended 31 December 2013

- 5.15. The Company generated interest on cash deposits for the year ended 30 June 2011 but has not generated other revenue over the last three financial years and the period ended 31 December 2013.
- 5.16. For the year ended 30 June 2013, the Company disclosed a loss after tax of \$600,000, compared to losses of \$625,000 and \$2.1 million for the 2012 and 2011 financial years, respectively. The Company disclosed a profit of \$83,000 for the six months ended 31 December 2013. The profit disclosed was due

primarily to the settlement of accrued directors' fees of \$158,000 for \$10,000 (as set out in paragraph 5.22 below).

- 5.17. The impairment expense of \$1,200,000 relates to the \$1,000,000 deposit paid to Alphawealth, in relation to the proposed acquisition of Alphacoal and Puneng, and \$200,000 paid to Alphawealth in relation to the proposed acquisition of Chinaway. As at 30 June 2011, the Directors determined that these deposits were no longer recoverable and impaired both deposits to \$Nil.
- 5.18. The impairment expenses of \$54,000 and \$58,000 for the years ended 30 June 2013 and 2012, respectively, relate to input tax credits which may be available upon lodgement of the Company's outstanding business activity statements. The audited financial statements for the years ended 30 June 2013 and 30 June 2012 stated that these credits were impaired to \$Nil as their collectability is uncertain.

Financial Position

- 5.19. The table below sets out the financial position of ECSI as at 31 December 2013, 30 June 2013 and 30 June 2012.

	Ref	As at 31-Dec-13 Reviewed \$	As at 30-Jun-13 Audited \$	As at 30-Jun-12 Audited \$
Current assets				
Cash and cash equivalents		22,742	7,897	12,032
Other current assets		-	-	-
Total assets		<u>22,742</u>	<u>7,897</u>	<u>12,032</u>
Current liabilities				
Unsecured trade and other payables	5.21 to 5.22	109,500	258,000	37,896
Financial liabilities	5.23 to 5.25	560,186	479,872	104,400
Total liabilities		<u>669,686</u>	<u>737,872</u>	<u>142,296</u>
Net deficiency of assets	5.20	<u>(646,944)</u>	<u>(729,975)</u>	<u>(130,264)</u>
Equity				
Issued capital		93,480,850	93,480,850	93,480,850
Accumulated losses		(94,127,794)	(94,210,825)	(93,611,114)
Total equity	5.20	<u>(646,944)</u>	<u>(729,975)</u>	<u>(130,264)</u>

Source: ECSI audited and reviewed financial statements for the two years ended 30 June 2013

Table 5: Financial Position of ECSI as at 31 December 2013, 30 June 2013 and 30 June 2012

- 5.20. ECSI disclosed net liabilities of \$647,000 at 31 December 2013 compared to net liabilities of \$730,000 at 30 June 2013.
- 5.21. Trade and other payables of \$258,000 at 30 June 2013 primarily related to accrued directors' fees of \$158,000, amounts owing to the Company's auditors of \$51,000, and amounts owing to other creditors.
- 5.22. As at 31 December 2013, the accrued directors' fees of \$157,500 had been settled for \$10,000, and the Company disclosed trade and other payables of \$110,000 comprising amounts owing to the Company's

auditors of \$51,000 and amounts owing to other creditors. In accordance with the ECSI DOCA, these amounts payable were settled as follows:

- amounts owing to the Company's auditors of \$51,000 settled in full; and
- other creditors of \$58,500 settled for \$10,000.

5.23. At 31 December 2013, the Company disclosed the following financial liabilities:

- convertible notes totalling \$175,572;
- the Secured Loan totalling \$320,817 (comprising the principal amount of \$296,500 plus interest); and
- a loan owing to MMH of \$63,797. The loan from MMH is unsecured, interest free and repayable at call.

5.24. The convertible notes liabilities were extinguished through the issue of 150,000,000 shares to the Convertible Note Holders at a price of \$0.001 per share.

5.25. The Secured Loan holder has agreed to extend the maturity of the outstanding loan from the date the Company went into voluntary administration (11 June 2013), by another 12 months.

5.26. During the year ended 30 June 2013, 130,688,888 unlisted options with an exercise price of \$0.03 per share expired as at 31 December 2012. There are no other share options on issue.

Pro-Forma Financial Position Prior to the Proposed Transaction

5.27. The table below sets out the pro-forma financial position of ECSI subsequent to the approval of the Recapitalisation Proposal and prior to the Proposed Transaction.

	As at 31-Dec-13 <i>Reviewed</i> \$	DOCA \$	Completion of Recapitalisation \$
Current assets			
Cash and cash equivalents	22,742	85,000	107,742
Other current assets	-	-	-
Total assets	<u>22,742</u>	<u>85,000</u>	<u>107,742</u>
Current liabilities			
Unsecured trade and other payables	109,500	(109,500)	-
Financial liabilities	560,186	(175,572)	384,614
Total liabilities	<u>669,686</u>	<u>(285,072)</u>	<u>384,614</u>
Net deficiency of assets	<u>(646,944)</u>	<u>370,072</u>	<u>(276,872)</u>
Equity			
Issued capital	93,480,850	350,000	93,830,850
Accumulated losses	(94,127,794)	20,072	(94,107,722)
Total equity	<u>(646,944)</u>	<u>370,072</u>	<u>(276,872)</u>
<i>Number of shares on issue (pre-consolidation)</i>	<i>570,536,387</i>	<i>450,000,000</i>	<i>1,020,536,387</i>

Table 6: ECSI Pro-Forma Financial Position

- 5.28. Subsequent to the Recapitalisation Proposal, the Company had net tangible liabilities of \$277,000, and 1,020,536,387 ordinary shares on a pre-consolidation basis.
- 5.29. In addition to the settlement of trade and other payables (refer paragraphs 5.21 to 5.22) and the issue of shares to the Convertible Note Holders as set out in paragraphs 5.23 and 5.24, the pro-forma financial position of ECSI as set out in Table 6 above includes the Administrator's costs and expenses of administering the ECSI DOCA and acting as administrator of the Company of \$43,000 (rounded).



6. Profile of MiRoamer

Overview

- 6.1. MiRoamer is a wholly-owned subsidiary of MMH. MMH is a public unlisted company, incorporated and domiciled in Australia.
- 6.2. MiRoamer 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.
- 6.3. MiRoamer owns the intellectual property for an internet car radio application and a smartphone application (miRoamer®) ("MiRoamer IP") which allows users to access and listen to a wide range of global FM and AM radio stations. The miRoamer application allows users to choose and customise radio station preferences from a single application.
- 6.4. MiRoamer signed non-exclusive contracts with General Motors Holding, LLC and Volkswagen Group in 2013 for the distribution and installation of miRoamer applications in General Motors and Volkswagen vehicles.
- 6.5. Whilst MiRoamer has yet to generate revenue, the company has identified the following future revenue sources:
 - manufacturer and smartphone application licence fees;
 - maintenance, service and support fees;
 - pre-roll audio advertising commercials;
 - the on-sell of anonymous data collected from customer vehicles to interested parties for targeted advertising purposes;
 - audio commercial sponsorship campaigns;
 - banner advertising on web services and smartphone applications; and
 - monthly subscription fees from users.



Financial Performance – MMH

6.6. Whilst MiRoamer owns the MiRoamer IP, MMH provides funding, undertakes research and development and incurs costs in relation to the MiRoamer IP. Therefore, the financial performance of MMH comprises the business operations of MiRoamer. The table below sets out the financial performance of MMH for the two years ended 30 June 2013.

	Ref	Year ended 30-Jun-13 <i>Audited</i> \$	Year ended 30-Jun-12 <i>Audited</i> \$
Revenue from research and development tax credits		38,219	16,087
Profit from the sale of intangible assets and plant and equipment formerly written off		-	93,857
Other income		24,346	103,581
Total income	6.7	62,565	213,525
Corporate and administrative expenses		(98,118)	(149,229)
Employee benefits and fees paid to consultants		(101,090)	(422,869)
Finance costs		(38,650)	(27,610)
Occupancy expenses		(13,578)	(43,030)
Loss before income tax expense		(188,871)	(429,213)
Income tax expense		-	-
Loss after income tax expense		(188,871)	(429,213)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year	6.8	(188,871)	(429,213)

Source: MMH audited financial statements for the two years ended 30 June 2013

Table 7: MMH Financial Performance for the two years ended 30 June 2013

- 6.7. MMH generated total income of \$63,000 for the year ended 30 June 2013, comprising research and development tax credits and other income. MMH has not generated operating revenue for the periods under review.
- 6.8. For the year ended 30 June 2013, MMH disclosed a loss after tax of \$189,000, compared to \$429,000 for the year ended 30 June 2012.
- 6.9. At 30 June 2013, MMH had incurred accumulated losses of \$5.0 million, compared to accumulated losses of \$4.8 million at 30 June 2012.

Financial Position – MiRoamer

6.10. The table below sets out MiRoamer's financial position at 30 June 2013 and 30 June 2012.

	Ref	As at 30-Jun-13 Audited \$	As at 30-Jun-12 Audited \$
Non-current assets			
Intellectual Property and Patents	6.11	1	1
Intangibles	6.11	1	1
Total non-current assets		<u>2</u>	<u>2</u>
Total assets		<u>2</u>	<u>2</u>
Non-current liabilities			
Intercompany loan - MMH	6.12	2,264	2,034
Total liabilities		<u>2,264</u>	<u>2,034</u>
Net deficiency of assets	6.13	<u>(2,262)</u>	<u>(2,032)</u>
Equity			
Issued capital		1	1
Revaluation reserve		1	1
Accumulated losses		(2,264)	(2,034)
Total equity	6.13	<u>(2,262)</u>	<u>(2,032)</u>

Source: *MiRoamer management accounts for the two years ended 30 June 2013*

Table 8: MiRoamer Financial Position as at 30 June 2013 and 30 June 2012

- 6.11. MMH does not capitalise research and development costs. Research and development costs in relation to the MiRoamer IP are reflected in the consolidated financial statements of MMH.
- 6.12. At 30 June 2013, MiRoamer disclosed an intercompany loan of \$2,264 from MMH.
- 6.13. At 30 June 2013, MiRoamer disclosed net liabilities of \$2,262.
- 6.14. We are not aware of any material movements in the net liability position of MiRoamer post 30 June 2013.

7. Valuation Methodologies

- 7.1. In assessing the value of ECSI prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 7.2. We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows:
- Market Based Methods;
 - Income Based Methods; and
 - Asset Based Methods.

Market Based Methods

- 7.3. Market based methods estimate the fair market value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 7.4. The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 7.5. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income Based Methods

- 7.6. Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow methods; and
 - capitalisation of future maintainable earnings.
- 7.7. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of

the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

- 7.8. The capitalisation of future maintainable earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset Based Methods

- 7.9. Asset based methodologies estimate the fair market value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 7.10. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.11. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.
- 7.12. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method, it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding purposes.

Selection of Valuation Methodologies

Valuation of ECSI

- 7.13. As ECSI shareholders have approved the Recapitalisation Proposal, we have utilised the net assets on a going concern basis to value ECSI prior to the Proposed Transaction.

Valuation of ECSI immediately following the Proposed Transaction

- 7.14. In order to assess the value of an ECSI share immediately following the Proposed Transaction, it is necessary to assess the fair value of the assets and liabilities being purchased by ECSI, comprising the 100% equity interest in MiRoamer.

Valuation of MiRoamer

- 7.15. MiRoamer has yet to generate revenue. Whilst we have been provided with financial forecasts prepared by MMH for the six years ending 30 June 2019, RG 111 states that an expert should not include prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters (together, 'forward-looking information') in its report unless there are reasonable grounds for the forward-looking information.
- 7.16. Regulatory Guide 170 Prospective Financial Information ("RG 170") gives detailed guidance on what is considered a reasonable basis for stating prospective financial information. While RG 170 is expressed to apply to fundraising documents under Chapters 6 and 7 of the Corporations Act, it provides useful guidance for inclusion of prospective financial information in expert reports.
- 7.17. RG 170 states that indicative factors that may amount to reasonable grounds for stating prospective financial include when:
- the information relates to options on forward-sales contracts or leases that lock in future expenses and revenue;
 - the information is underpinned by independent industry experts' reports and/or independent accountants' reports; and
 - the information includes reasonable short-term estimates (not exceeding two years).
- 7.18. The financial forecasts prepared by MMH are not based on forward-sales contracts or leases that lock in future expenses and revenue. Further, MiRoamer is not currently an actively trading business.
- 7.19. We have therefore utilised the net assets on a going concern basis to value MiRoamer.

Valuation of the Merged Group

- 7.20. To assess the Fairness of the Proposed Transaction, we have estimated the value of ECSI, and a share in ECSI, immediately after the Proposed Transaction ("the Merged Group"). The value of the Merged Group is based on the combined values of ECSI and MiRoamer.

8. Valuation of ECSI

- 8.1. The basis of our evaluation of “fairness” is to compare the fair value of an ECSI share prior to, and immediately after the Proposed Transaction.

Valuation of an ECSI Share Prior to the Proposed Transaction

- 8.2. Our assessment of the value of an ECSI share using the net assets on a going concern basis is based on the pro-forma net book value of the net tangible liabilities of ECSI as set out in Table 6, representing the Company’s financial position at 30 June 2013, adjusted for subsequent approval of the Recapitalisation Proposal.
- 8.3. We have also adjusted the pro-forma net book value of ECSI for the value of an ASX listed company with no operations or trading business (“Listed Shell”).
- 8.4. The table below sets out a summary of our assessment of the value per share of ECSI prior to the Proposed Transaction.

	Ref	Assessed value		Preferred
		Low \$	High \$	
ECSI pro-forma net tangible liabilities	5.28	(276,872)	(276,872)	(276,872)
Market value of listed shell	8.5	100,000	200,000	150,000
Value of ECSI prior to the Proposed Transaction		(176,872)	(76,872)	(126,872)
Number of shares on issue prior to the Proposed Transaction		1,020,536,387	1,020,536,387	1,020,536,387
Assessed value per share		\$Nil	\$Nil	\$Nil

Table 9: ECSI Valuation Prior to the Proposed Transaction

- 8.5. A Listed Shell may attract value as a vehicle by which another business can be vended into as an alternative to an initial public offering. In our experience, and having regard to the costs associated with conducting a compliance listing and having regard to existing shareholder spread, we consider that the value of the Listed Shell to be in the range of \$100,000 to \$200,000.
- 8.6. Based on the above, we consider the value of an ECSI share prior to the Proposed Transaction to be \$Nil.

9. Valuation of the Merged Group

Valuation of ECSI immediately after the Proposed Transaction

- 9.1. As required by RG 111, in order to provide an indication of the value of the Company immediately after the Proposed Transaction, we have calculated the theoretical value of a share in ECSI immediately after the Proposed Transaction ("the Merged Group").
- 9.2. The table below sets our assessed value of the value per share of the Merged Group (on a controlling basis), and has been calculated as the sum of parts of ECSI (based on the pro-forma balance sheet at Table 6), MiRoamer (Table 8), and adjusted for the following:
- the consolidation of ECSI shares at a ratio of 1 share for every 100 shares (Resolution 1);
 - the issue of 45,000,000 shares to MMH as consideration for the acquisition of MiRoamer (Resolution 2); and
 - the issue of 7,500,000 shares to Perpetual Consulting Group (Resolution 4).

	Ref	Assessed value		Preferred \$
		Low \$	High \$	
Valuation of ECSI prior to the Proposed Transaction	Table 6	(276,872)	(276,872)	(276,872)
Valuation of Miroamer	Table 8	(2,262)	(2,262)	(2,262)
Value of Merged Group		(279,134)	(279,134)	(279,134)
Number of shares on issue after the Proposed Transaction (post-consolidation)	Table 2	62,705,364	62,705,364	62,705,364
Assessed value per share		\$Nil	\$Nil	\$Nil

Table 10: Assessed Value of the Merged Group

- 9.3. As set out in paragraphs Table 2, the total number of ordinary shares in the Company would increase from 62,705,364 (on a post-consolidation basis) in the event the Proposed Transaction is approved. The Proposed Transaction will result in Non-Associated Shareholders' interest in the Company being diluted, from 48.1%, to 10.2%.
- 9.4. As neither MMH nor MiRoamer capitalises research and development costs in relation to the MiRoamer IP, MiRoamer disclosed net liabilities of \$2,262 at 30 June 2013. Based on the above, our assessment of the value of an ECSI share immediately after the Proposed Transaction to be \$Nil.

10. Is the Proposed Transaction Fair

10.1. The table below sets out our assessed values of an ECSI share prior to and immediately after the Proposed Transaction.

	Valuation		
	Low \$	High \$	Preferred \$
Value per share prior to the Proposed Transaction	\$Nil	\$Nil	\$Nil
Value per share immediately after the Proposed Transaction	\$Nil	\$Nil	\$Nil

Table 11: Valuation Summary

10.2. As the value of an ECSI share immediately after the Proposed Transaction is equal to the value prior to the Proposed Transaction, and in the absence of any other relevant information, in our opinion, the Proposed Transaction is **Fair** to the Non-Associated Shareholders of ECSI.

11. Other Factors taken into Consideration in Forming our Opinion

- 11.1. As the Proposed Transaction is fair, it is therefore considered to be reasonable in accordance with the guidance provided by the ASIC. However, we have also considered the following:
- The future prospects of ECSI if the Proposed Transaction does not proceed; and
 - Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future Prospects of ECSI if the Proposed Transaction does not proceed

- 11.2. If the Proposed Transaction is not successful, it is unlikely that ECSI will be able to raise sufficient funds in the short term to pursue alternative investment proposals.

Advantages and Disadvantages

- 11.3. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages

- 11.4. The Proposed Transaction is fair.
- 11.5. The Company will seek approval for re-quotation on the Official List of the ASX. The re-quotation of ECSI shares will provide Non-Associated Shareholders with some liquidity to crystallise the value of their shares.
- 11.6. There may be possible improvement in the liquidity of ECSI shares if the Proposed Transaction creates increased interest in the Company and hence a more efficient market for shareholders to dispose of their shareholdings.
- 11.7. The proposed acquisition of MiRoamer will provide shareholders with the opportunity to participate in the future development of a start-up technology provider.
- 11.8. Resolutions 1 to 4 are dependent upon approval of Resolution 5. In the event that the Company is able to raise between \$3 million to \$6 million (before deducting the costs of capital raising), its prospects of continuing as a going concern will be significantly improved.

Effect of the proposed capital raising

11.9. The table below sets out a pro-forma summary of the value of the Merged Group in the event that the proposed capital raising is successful.

	Ref	Low \$	High \$	Mid-point \$
Pro-forma financial position of ECSI	Table 6	(276,872)	(276,872)	(276,872)
Financial position of MiRoamer	Table 8	(2,262)	(2,262)	(2,262)
Capital raising	3.14	3,000,000	6,000,000	4,500,000
Less costs of capital raising		(380,000)	(560,000)	(470,000)
Pro-forma net asset position of the Merged Group		<u>2,340,867</u>	<u>5,160,867</u>	<u>3,750,867</u>
Number of shares on issue after the capital raising (post-consolidation)	Table 3	77,705,364	92,705,364	85,205,364
Pro-forma value per share (on a controlling basis)		<u>\$0.03</u>	<u>\$0.06</u>	<u>\$0.04</u>

Table 12: Proforma value of the Merged Group after the proposed capital raising

- 11.10. In the event that the Proposed Transaction is approved, the Company will undertake a capital raising to raise between \$3 million and \$6 million through the issue of between 15,000,000 and 30,000,000 ordinary shares at \$0.20 per share, as set out in paragraphs 3.12 to 3.14. Management has assessed capital raising costs to range from between \$380,000 and \$560,000.
- 11.11. As set out in Tables 3 and 12, the total number of ordinary shares in the Company would increase from 62,705,364 to between 77,705,364 and 92,705,364 (on a post-consolidation basis) in the event the proposed capital raising is approved, and a capital raising of between \$3 million and \$6 million is achieved. The capital raising will result in Non-Associated Shareholders' interest in the Company being further diluted, from 10.2%, to between 6.9% and 8.2%.
- 11.12. The pro-forma value per share of the Merged Group set out in Table 12 is the value of a share on a controlling basis.
- 11.13. In the event the capital raising is successful, MMH will have acquired interests of between 52.6% and 62.8% in the Company.

Disadvantages

- 11.14. The completion of the Proposed Transaction is contingent upon the Company's ability to undertake a capital raising and to comply with Chapters 1 and 2 of the Listing Rules. The Company will incur costs irrespective of whether or not a capital raising is successfully achieved. In the event that the capital raising is not successful, it is unlikely that ECSI will be able to raise sufficient funds in the short term to continue as a going concern and to pursue alternative investment proposals.
- 11.15. Non-Associated Shareholders' interest in ECSI will be further diluted from 48.1% (after the approval of the Recapitalisation Proposal) to 10.2% (immediately after the Proposed Transaction), and 6.9% (assuming \$6 million capital raising).

- 11.16. Existing ECSI shareholders will be exposed to the volatile nature of a technology start-up company.
- 11.17. In the event future capital raisings are required, Non-Associated Shareholders' ownership interests may be further diluted.

Alternative Proposals

- 11.18. We are not aware of any alternative proposal at this time that would offer the Non-Associated Shareholders a premium over the terms offered by the Proposed Transaction.

Conclusion on Reasonableness

- 11.19. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of ECSI.
- 11.20. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD



G YATES
Director



J CROALL
Director

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr Jason Croall and Mr Glyn Yates are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Croall and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders of ECSI Limited in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of ECSI Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Jason Croall, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of approximately \$16,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether ECSI Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

APPENDIX 2**Sources of Information**

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting for ECSI;
- ECSI Audited Financial Statements for the three years ended 30 June 2013;
- MMH Audited Financial Statements for the two years ended 30 June 2013;
- Share Sale Agreement between Mi Media Holdings Limited, ECSI Limited and MiRoamer Pty Ltd;
- ASX announcements of ECSI;
- Discussions with Management of ECSI,
- Discussions with Management of MMH; and
- ECSI Deed of Company Arrangement dated 19 September 2013.

APPENDIX 3
Glossary of Terms and Abbreviations

Term	Definition
Act or Corporations Act	Corporations Act 2001
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Cash flow	Cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context
Company	ECSI Limited
Consolidation Ratio	The ratio by which ECSI will have to consolidate its shares to comply with ASX Listing Rule 2.1 Condition 2 that requires that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash
Cost of Capital	The expected rate of return that the market requires in order to attract funds to a particular investment
Discount Rate	A rate of return used to convert a future monetary sum into present value
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
ECSI	ECSI Limited
ECSI DOCA	ECSI Deed of Company Arrangement
Enterprise Value	Fair market value of a business on a cash free, debt free basis
Equity	The owner's interest in property after deduction of all liabilities
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction
Going concern	An ongoing operating business enterprise

Term	Definition
Merged Group	The value of the entity comprising the combined values of ECSI and MiRoamer immediately following the Proposed Transaction
MiRoamer	MiRoamer Pty Ltd
MMH	Mi Media Holdings Limited
Proposed Transaction	The combination of the acquisition of MiRoamer, and the successful compliance with Chapters 1 and 2 of the ASX Listing Rules
Recapitalisation Proposal	The Recapitalisation Proposal approved on 30 January 2014 including but not limited to the conversion of convertible notes to 150,000,000 shares to extinguish liabilities of the Company to convertible note holders, the issue of 300,000,000 shares to MMH to raise \$200,000 for use by the Company, acquisition of 80,000,000 ECSI shares by MMH for the sum of \$100,000, and forgiveness of the claims of the creditors
Report	This Independent Expert's Report
RG 111	ASIC Regulatory Guide 111 Content of expert Reports
RG 112	ASIC Regulatory Guide 112 Independence of Experts
RG 170	ASIC Regulatory Guide 170 Prospective Financial Information
RSM Bird Cameron or RSMBCC	RSM Bird Cameron Corporate Pty Ltd
Shares	Fully paid ordinary shares in ECSI
\$	Australian Dollars
20 cent rule	ASX Listing Rule 2.1 Condition 2 that requires that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash