

## Letter from CEO

2009 is proving to be a year where the results of the hard work, persistence and patience over previous years are coming to fruition. We have won a second major tender in California, we are continuing to progress the implementation in Santa Clarita, our sales department is struggling to cope with the bid opportunities in the US and we have shown a healthy profit in our financial results for the year to 31st March 2009.

Additionally, we have now made the strategic decision to focus on the US market as the source of future growth for Connexionz, so have taken up an opportunity to sell our UK business through a management buy out.

While we are delighted to secure another major contract in California our delight was tempered when we recently learned that the tender for the Wellington real time passenger information (RTPI) system was awarded to a foreign company and a competitor in our export markets.

Connexionz has proved repeatedly that we have a system that is reliable, effective and durable, and in Christchurch we have successfully operated a system of a similar size to Wellington for close to ten years. Connexionz uses local components wherever possible and employs New Zealand staff to develop, implement and operate our systems. Therefore we are extremely disappointed that a New Zealand based supplier was not selected for Wellington and that the significant beneficial ripple effect that would have resulted in terms of cash and knowledge to the New Zealand economy has been lost.

We will continue to actively pursue business opportunities as they arise in New Zealand and hope future supplier selection decisions better consider the impact of local content, local support and the flow on benefits of supporting local Companies.

## Connexionz' Second Sale in California worth NZD 2.3m

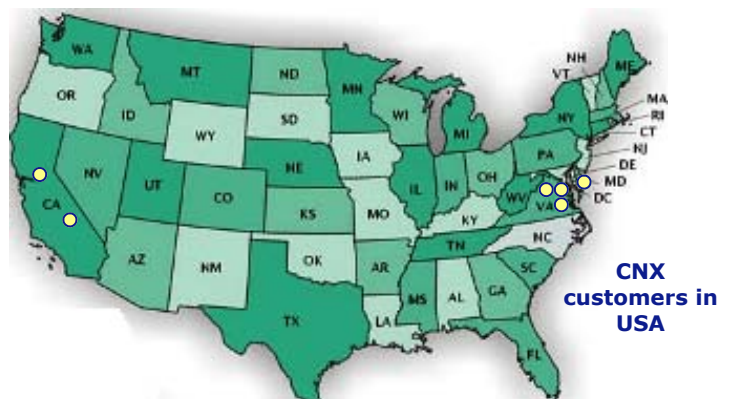
Connexionz Limited was selected for a NZD 2.3M (USD 1.5M) contract, for the supply of a Real Time Passenger Information (RTPI) system for the Eastern Contra Costa Transit Authority (ECCTA) in the Bay Area of San Francisco, California. The contract encompasses 69 vehicles and 710 bus stops and includes deployment of Automatic Passenger Counter, 20 BusFinder™ signs, 3 LCD BusTV signs, web and WAP passenger information systems.

Following completion of this contract Connexionz will have six RTPI systems operating in the USA. Connexionz' success in ECCTA follows closely on the approval for the Santa Clarita RTPI contract which was won in 2008 and is due to be completed later this year. Other Connexionz systems in the US are located in the City of Charlottesville, the University of Virginia, Arlington County, and the University of Maryland.

Over recent years Connexionz' marketing efforts have been focused primarily in the US, and we are pleased to see further significant reward resulting from this investment. Connexionz is now

even more strongly positioned to secure further contracts as we will have significant reference sites on both Coasts of the US, and the confidence of our customers based on our success in delivering previous contracts on time and according to contract requirements.

" The US market offers Connexionz big opportunities with the availability of the Stimulus money meaning projects that have been delayed because of funding issues are now moving and this has resulted in a lot of activity in the small agency which suits Connexionz," says Robert Burke, Sales Director.



## Connexionz Sells UK Operation

The Board of Directors have carefully considered where the best business opportunities for Connexionz will be, and it was agreed our future success will be determined by our ability to continue to win new business, and expand our offering to existing customers in the United States. Consequently it was decided to divest our UK operations and a sale arrangement has been completed with existing UK management to structure a management buy out. Whilst Connexionz will no longer own the UK operations, the arrangement will ensure the Connexionz brand will be retained in the UK and Europe, as the new UK organisation will retain the name Connexionz UK and will distribute Connexionz products in the UK and Europe. Additionally Connexionz will have distribution rights for any products developed by the new UK organisation in North America and Australasia.

The synergies we had expected to be realised when Connexionz purchased Infocell (the UK entity purchased in 2006) failed to eventuate as

it was realised migrating existing UK customers to the New Zealand system would be a very onerous and costly proposition, and consequently development and support in the two sites continued on divergent paths. Sales efforts were coordinated well, but the dearth of new business in the UK and non-renewal of the Manchester maintenance agreement has meant that the UK operation has failed to generate the revenue or income that was anticipated when the business was purchased.

The UK organisation will now operate independently under the direction of Russell Gard and his team with the focus of supporting the cornerstone customers in Reading and Southampton and generating new business as opportunities are identified. However both organisations will continue to work closely together to share marketing intelligence and drive sales for both organisation's products, and the Connexionz brand, across the globe.

### Staff Profile



**Kay and her family on a trip to Lake Tasman, Mt. Cook Natl. Park**

Kay Norman started with Connexionz in September 2008 to assist with the day-to-day Accounting administration and has since been promoted to an Accountant role. Her role involves the daily processing of accounts through to month end reporting and improving the reporting function. Kay and her family immigrated over to New Zealand from the UK last year with hopes of living the dream. Kay has a passion for animals and horse riding and owns an ex racing standardbred named Willie Five O.



BusFinder™ was barely scathed after being hit by a bullet on the University of Maryland campus. Attesting to the robust construction of the BusFinder™ only minor damage was caused which included broken glass cover and small dent in the back switch board.

### Highlights

- Connexionz will be exhibiting at the Annual Meeting in Orlando, Florida in October for the American Public Transportation Association (APTA).
- Connexionz exhibited at the APTA TransITech Conference in Toronto, Canada in February and Bus and Paratransit Conference in Seattle, Washington in May.
- Connexionz has partnered with Endeavour Advisory, a business marketing located in Boston, Massachusetts which kicked-off in March assisting the Sales and Marketing by contacting the transit agencies across the USA.

### Investment

Connexionz Limited is a New Zealand listed company. Our listing documents, latest announcements, historical price and trading volume information are found at [www.nzx.com](http://www.nzx.com) — put CNX into Stock Code box on that site. If you are a habitual investor (as defined by the Securities Act) and would like to take your interest in Connexionz a stage further, please email your inquiry to

**Roger.Carruthers@connexionz.co.nz or call (03) 339-4536**