

**Report VIII**

**Volume 2009**

**August 31, 2009**

**C-NEST<sup>TM</sup> MARKETING**

Unfortunately we were informed late last week that our scheduled visit to China has been postponed for logistical reasons as describe in a letter below. The Company must take on some of the responsibility due to change of schedule caused by our inexperience in dealing with the overseas freighting, customs procedures and shipping; we simply underestimated the time involved in packing. At this point it is in the best interest of the Company to ship our demonstration platform to Nicaragua then from there ship to China direct.

**NEPCU Statement as written in an email on Thursday of last week:**

Hi Marsha,

Thanks for your information. Our new semester just begins, and we have to do many tasks which our schools and colleges arranged for us.

Unfortunately we will need to reschedule. We are very excited about your visit and hope you understand.

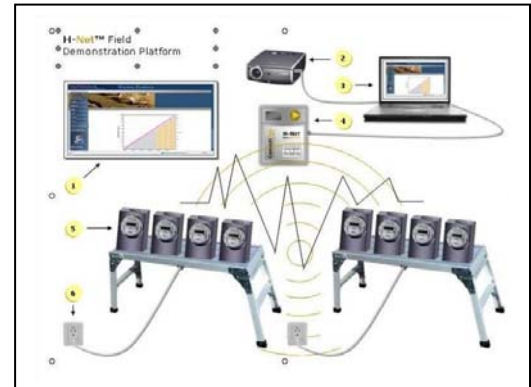
Professor Chi has asked that we speak next week to confirm a new date of your visit.

Best Regards  
Emily Chu,  
Personal Assistant to the Director

The Company will know more this week please look forward to a supplementary report with new scheduled dates for China and Nicaragua.

Thank you for your understanding,  
Marsha Casspi, Marketing Director

**We are please to present our demonstration platform:**



**H-NET<sup>TM</sup> NETWORKS**

The Company has committed to additional development the new division is called Conex and the product is named the SmartPlug® a bi-directional plug and play wireless communication system adaptable to any electrical outlet within the home. This product has been on the drawing board for some 24-months because of the embedded low power radio this product will not require FCC approve. Once funding is secured our hardware and software developers estimate 6-months from design to commercial release.

I know that additional development is not what my shareholders want to hear but I believe it to be a necessary evil if we are to achieve sales in the US, utilities continue to ask the Company for a turn-key solution this means AMR must be accompanied by empowering the utility with the ability to load shed. Therefore, it is now my belief that this project must move foreword if we are to prosper however painful.

Technology has advanced in sink with our goals which means that most of the components can be bought off the shelf and packaged for software development for a total solution at a cost much lower than originally estimated and offered at a competitive price.

In a nutshell the SmartPlug is a smart home product self installed by the customer that reports energy consumption of large and small electrical motors such as heaters, air conditioners as well as appliances and lighting.

The SmartPlug will be available for retail sales and will be known as a green energy product. Energy consumers may monitor within their home power consumption, cost of usage, as well as scheduling and viewing comparable usage provided within the Conex power digital screen. As a results energy conservation is achieved by the cost conscience user.

Now as for the HNet Network and way the SmartPlug is a required addition to the ConectiSys product works like this; home and business are wired in loops or circuits in most smart home solutions these circuits are monitored by landline carrier systems which make it impractical to retrofit affordably. This is due to the cost of wiring or the rewiring of each end point. Our wireless product has a unique advantage when a HNet meter is installed at the end point or electrical panel the HNet meter records all power consumption making it possible to extrapolate the energy consumptions which are not incorporated within the SmartPlug local area network or (LAN) such as overhead lighting attic fans and other low energy usage devices.

Note: By that statement you might say that the SmartPlug in its concept is incomplete without a HNet Meter “true and false” the solution is within the Conex monitor options, the end user may enter its monthly utility bill and the program will extrapolate the unmonitored uses much the same as the automated HNet System.

As for the utilities we now can address the customer integrated services as well as a wide range of control issues. This is made possible because the HNet bi-directional wade area network (WAN) is able to communicate with the bi-directional SmartPlug local area network (LAN) which is able to communicate at the control panel or Conex digital monitor to the (WAN) seamlessly, the implications are immense; enabling optimization of distribution utilizing current infrastructure resulting in the desired load shedding at peek demand. However, load shedding is only made possible by the cooperation of both consumers and producers. Utilities must offer cost saving to the customer to achieve this goal.

The Company is please to present our new SmartPlug project:



**ConEX Monitor**  
 Screen Size: 15"  
 Enclosure Size: 23"  
 Width: 2.6"  
**Features**  
 RF 902-928 MHz  
 LCD Flat screen  
 Custom OS - Intel



**SmartPlug - Front**  
 Enclosure Size: 6"  
 Width: 1.6"  
**Features**  
 RF 902-928 MHz  
 100 - 240V  
 Power on/off button  
 UL-US ANSI STD



**SmartPlug - Back**  
 Enclosure Size: 6"  
 Width: 1.6"  
**Features**  
 RF 902-928 MHz  
 100 - 240V  
 Recess Power plug  
 UL-US ANSI STD

**Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:** The statements contained herein and in the Monthly Report that are not historical are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements including, but not limited to: the level of cost-effectiveness and efficiency of the Company’s H-Net™ automatic meter reading products or technologies; changes in the Company’s policies regarding communications with shareholders and the general public; the success or failure of the Company’s marketing efforts and the particular efforts to be employed; the Company’s ability or inability to commercialize, sell, license or further develop its H-Net™ automatic meter reading products or technologies; and other risks detailed from time to time in the Company’s periodic reports and other filings with the Securities and Exchange Commission.

