

Report XI

Volume 2011

November 22, 2011

Project Update

The Company is working with its client to enhance features of the ConectiSys back-end software package to fit the niche market of Nicaragua and greater South America.

The H-Net product hardware and software has performed as advertised. However, there have been some random data anomalies without a set pattern. These anomalies occur on average in one of every thirty meters deployed and in one out of one thousand successful data reads in Managua.

It should be noted that we are not able to reproduce said data anomalies in our on-going network testing environment here in the US.

The company's former CTO has requested a software team comprised of two or more developers who would develop the additional theft detection features requested by the energy distribution company in Managua. It is necessary that work is accomplished in a timely manner and in tandem with the customer's desire for theft detection and network expansion within the region.

Project Logistics

Meter removal for investigation has proven very difficult. There are many steps to the process of meter evaluation and or replacement: first we must have an INE (a government agency that protects the rights of the people regarding anything energy/water related) representative present on site, second we must have a representative of the utility on site, third we must have a utility third party installation team present to make any replacements

or repairs and fourth we must have verbal or signed permission from the home owner to change or investigate the meter. This has proven to be an extremely slow and difficult process although we are confident that we will overcome these issues in time.

Nicaragua

We did not foresee in our interaction with Nicaragua that the recent presidential election would cause commerce to literally come to a standstill. This has affected our ability to work cohesively with the energy department as well as non-related government entities. The company had been advised of the potential delays caused by the election but did not clearly understand the effect in time. Commerce is anticipated to normalize in February of 2012.

During the past 18 months, the company has become familiar with the governmental agencies and departments related to our project. Nicaragua has allocated funds to establish a smart grid through energy management systems. The company has made the contacts necessary to ensure involvement.

We have made significant inroads with the Department of Energy, Francisco Mayorga (the director of ALBA Nicaragua) and with high level advisory individuals who communicate directly to the president. Therefore the barriers that existed in our initial approach have been overcome. We are now politically positioned to expand in Nicaragua in the future. This process has helped increase our understanding of how to manage future opportunities within all of Latin America.

In a meeting, department of energy head Francisco Mayorga stated that “the H-Net Meter System was of vital importance to the government” and suggested that our CEO, Robert Spigno, meet directly with the president of Nicaragua after the elections to discuss the benefits of the H-Net Meter System to the country.

H-Net Development

One aspect that ConectiSys would like to enhance in its H-Net product is the ability to achieve a greater range in communications from meter to meter.

We currently anticipate achieving this goal prior to our next manufacturing release planned in the first quarter of 2012. The Company has 500 units in inventory ready for the next purchase order from its current customer. These units will not include this upgrade, but future manufacturing of AMR boards will be built with the enhancement.

Marketing

San Salvador’s Excelergy has expressed interest in the H-Net product line. Excelergy is a transmission distribution company that would like to provide our product to their utility clientele for real time energy management. We have traveled to San Salvador for a product demonstration and look forward to expounding upon this opportunity in the coming months.

United Telemetry S.A has also been in direct negotiations with the Nicaragua Department of Water (ENACAL) to provide a real time solution for the monitoring of water meters at pump stations throughout Nicaragua. A contract has been presented from United Telemetry S.A.

CEO Robert Spigno is scheduled to visit Costa Rica, Panama, Nicaragua, Honduras and San Salvador in February of 2012 as resources permit.

The company has worked diligently on all parts of its marketing portfolio (videos, brochures, website etc.).

In addition we have redesigned and built three demonstration kits for live on-site presentations for as many as three sales persons. The mobile travel carry-on kits consist of one HNet BaseStation and two meters.

We anticipate all audio visual and supporting documentation to be ready by January next year and intend to start a campaign as aggressively as resources will permit.

Software enhancements/ Opportunity

The software enhancements requested by the customer are on target. We do believe that three out of seven items requested are necessary and will be included in our standard theft detection package. The other requests will be used to make our dashboard display more user-friendly. The three items to be added in our standard theft detection package are as follows.

Tampering & Alerts

- 1) Removal of 120v from 240v
- 2) Removal of ground
- 3) Blackout

Two of the three items were initially purposed as options but not included in our standard alerts and warnings package.

Marketing Strategy

Our experience in Nicaragua has led us to believe that most if not all of South America is facing the same challenges with theft and may need similar enhancements. If we can meet the needs of our client in Nicaragua, our products will attract interest throughout South America.

The Smart Plug

ConectiSys has made significant progress with the Smart Plug System as the new product has now progressed from concept to design status. As resources permit, we plan to soon start manufacturing for testing and for the Smart Plug product to be available for retail in 2012.

The H-Net product and the back-end upgrades are our first priority. The company feels strongly about having the H-Net Meter System and the Smart Plug available at the same time in order to provide a complete solution to energy management.

This will diversify and enhance future revenue opportunities in product sales and increase interest both in retail and wholesale markets.

The Smart Plug will be a line of revenue for the company that will also promote the expansion, further development and marketing for the H-Net Meter System. It should be known that the Smart Plug is not dependent on the H-Net Meter System or on our Wide Area Network "WAN" but may run independently as a Local Area Network "LAN". The company anticipates releasing the design for the alpha and beta build with Canam Technologies in Costa Rica as resources permit. The initial estimated cost for delivering the product for sales is approximately \$150k USD.

Goals

The company will be seeking additional development funding in 2012 in order to meet the demands and goals of the H-Net Meter System software enhancements and the development and testing of the Smart Plug System. .

The company's long-term investors are aware of our goals and have indicated they will continue to support this stage of development.

ConectiSys is not changing its capital structure or seeking to re-structure for any reasons. It should be understood that ConectiSys is pink sheet and is not currently reporting.

The company desires to report and re-establish OTC status by the fourth quarter of 2012. This process would depend mainly on the ability to achieve the goals stated above.

Chief Technical officer, (CTO)

Maxemilian Hilbrand has stepped down from his post as CTO stating that the work requested by the client would require a software team.

The former CTO stated that he has not wavered in his support or commitment to the company but said that he cannot perform the tasks in a timely manner or in a time frame that would satisfy the customer's demands.

However, Hilbrand has been in on-going talks with Oracle. He thinks that Oracle may have a solution that will serve our immediate needs. At the same time, the company is now in the process of interviewing qualified individuals and entities to manage and perform the tasks at hand.

We are seeking assistance from our original hardware developer who is networking with qualified individuals available in Southern California.

We have made a request of the original software developer to evaluate our current software and to determine the extent of work needed.

The company has taken all necessary steps to operate without the assistance of its host providers' consultants and backend support. This has been a smooth transition in full cooperation with Hilbrand and Robert Spigno Jr., our network administrator.

We are pleased to report that the backend was maintained with no interruption of data displays to our customer.

Note: The Company plans to be silent throughout the process of software enhancement and development of its new product, the Smart Plug System. The company will release news when material events occur.

Look forward to Phase three of our three phase video sequence explaining H-Net products and features during the first half of December. Phase Three will familiarize our clients and shareholders with the Smart Plug System.

This report will mark the last MR of the year. We wish all a wonderful holiday season.

The company will report back to you through this medium in the first quarter of 2012.

Note from CEO:

Dear shareholders,

The company has made significant progress in all aspects. I am very pleased with the work ethic, commitment and overall diligence of individual affiliates and consultants who have made this all possible.

Our small staff has had an incredible work load and has delivered beyond expectation given the complexity of the project.

It is my mission and heart's desire to continue to make every effort to manage our collective positions to prosperity.

Respectfully yours,
Robert A. Spigno, CEO

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.

Learn more about our company go to the ConectiSys Audio Presentation



**Subscribe to receive
Company
News & Monthly Reports**



Click here!

**FOR LIVE METER READS FOLLOW
THE LINK...**

