

CONNIXION



Enabling a better
Customer Experience

Connxion FY11
- 1st Half Update

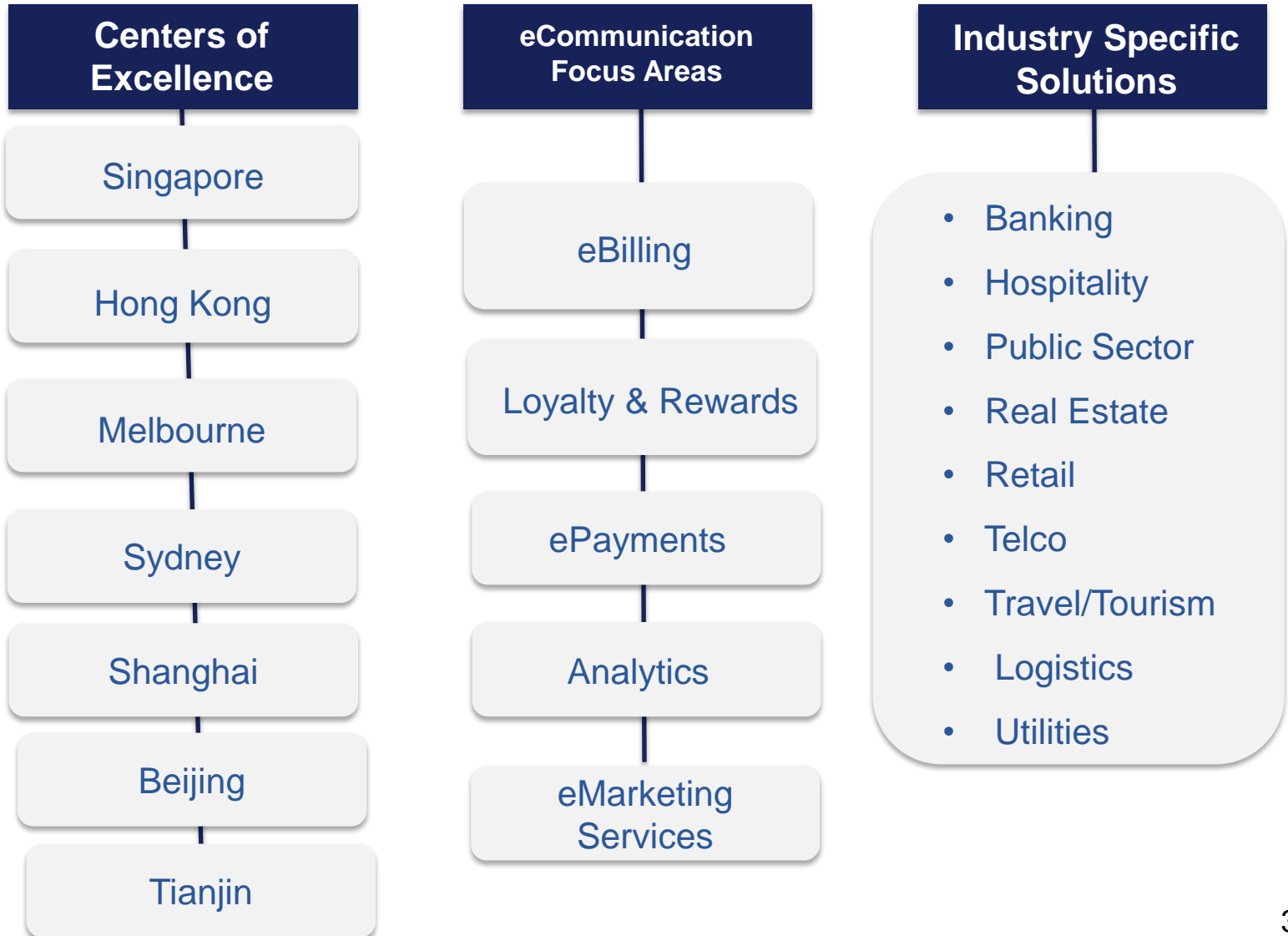
March, 2011

1st Half FY11 Highlights

1. Revenue of \$12.67m, a 262% increase over corresponding period in FY10
2. Operating EBITDA of \$2.49m, a very significant improvement over 1H10's result of \$0.078m
3. Core EBPP business shows excellent improvement in revenue, EBITDA and margin
4. 34% of revenue now coming from Asia & China and continues to increase
5. Culling of low margin Managed Services contracts contributes to overall improved margins
6. Hotel Services post \$2.37m in revenue, at an EBITDA of \$0.40m, compared with the previous best ever result, which was for the total 12 months of FY09, break-even, revenue of \$2m
7. Asia platform in place to bolt on higher, value add solutions.
8. Qualified eCommunications pipeline in place to deliver high volume, high margin contracts over the next 12 months
9. Considering offers from interested parties for divestment of non-core Managed Service businesses
10. Impairment of intangible assets & goodwill to reflect the ongoing operational focus of the business.

Connxion – today

Connxion is a regional data and transaction services company that enables a better customer experience. Connxion offers a range of electronic communication solutions to clients who strive for seamless, efficient interaction with their customers.



Connxion's value proposition – The eBill

CONNXION

Add another phone to your account*
And get \$10 off each month for the first 12 months on the new phone contract*

date of issue: 03 Jul 2010 account no: 00000000 mobile no: 00000000000 invoice no: 0000000000

MR Citizen
89 GENERIC AVENUE
EDGEWATER WA 6027

your account summary

| | |
|---------------------|-----------------|
| Outstanding balance | \$189.02 |
| + | |
| This bill | \$93.23 |
| = | |
| Total due | \$282.25 |

OVERDUE
Please pay now

Due on 21 Jul 2010

[Click to Pay Now](#)

Last bill

| | |
|---|-----------------|
| Previous balance | \$259.02 |
| What you paid | \$70.00 CR |
| Outstanding balance | \$189.02 |
| This bill 08 May 2010 to 07 Jun 2010 | |
| New charges | \$93.23 |
| This amount includes GST of \$8.39 | |
| Total due | \$282.25 |

Invoice History

| | | |
|------|------|------|
| Apr | May | Jun |
| \$00 | \$00 | \$00 |

quick links

- Need Help?
- Your bill explained
- My Vodafone Self Service
- Feedback

Did you know you can pay by direct debit?
Please go to www.vodafone.com.au/directdebit

POST billpay

Customer Number: 0000000000
Amount to be paid: \$282.25
Due Dates: Overdue 21 Jul 2010 \$93.23

00000000000000000000+0000028225+2015+81>

Better cash flow

Improved Customer Experience

ePayments

Loyalty & Rewards

eMarketing

Analytics


Multi-channel Distribution

CONNEXION

OFFERS Now Pick up the latest Vodafone catalogue from your nearest store, or view online www.vodafone.com.au/catalogue

date of issue: 20 Dec 2009 account no: 610322104 Invoice no: 1032683867

Tax Invoice/Statement Vodafone Pty Ltd A/N: 76 002 954 554



MISS MINA PARK
ATTN: MIKAL HETLAND
808B/444 HARRIS STREET
ULTIMO NSW 2007

your account summary

| | |
|---------------------|--------------------|
| Outstanding balance | |
| \$0.00 | |
| + | |
| This bill | |
| \$114.22 | Due on 13 Jan 2010 |
| = | |
| Total due | |
| \$114.22 | |

Last bill

| | |
|----------------------------|---------------|
| Previous balance | \$114.26 |
| What you paid | \$114.26 CR |
| Outstanding balance | \$0.00 |

This bill 19 Nov 2009 to 18 Dec 2009

| | |
|----------------------------------|-----------------|
| New charges | \$114.22 |
| This amount includes GST at 9.5% | |
| Total due | \$114.22 |

Any payments received after 18 Dec 2009 will be shown on your next bill.

Invoice History

| | | | |
|-----|-------|-------|-------|
| | \$114 | \$114 | \$114 |
| Oct | Nov | Dec | |

quick links

- Click to Call
- Click to Query
- Report - Top 10 numbers called
- Report - Spend analysis against last month

POST billpay

Customer Number: **610322104**
Amount to be debited: **\$114.22**
Due Date: **13 Jan 2010**

Your account will be debited on or immediately after the date if there are insufficient funds at the time of debit, fees and charges may apply

POST billpay

Bill Code: 5225 BPay Reference: 610 322 104

Bill Code: 0195 Reference: 6103 2210 461



vodafone

Home | Online Store | My Vodafone | Business Centre | Help & Support

My Account | My Phone Setup | My Messaging | Fun Extras | Change My Password

Log off

My Account

- Account Summary
- View My Bills
- Pay My Bill
- Plan & Entitlements
- Call Details
- Payment History
- Bill History
- Parental Lock
- My Details
- Billing Options
- Direct Debit
- Change Best Mate
- Manage Roaming Settings

View My Bills for 206425305

Statement - 01/06/2009

Please select one of the below options.

Customer Number: **216623248**
Invoice Number: **1020955873**
Invoice Period Start: **01-03-2009**

| Document Type | Details | Tax Invoice |
|---------------|---|-------------|
| | Click to view your full Tax Invoice in PDF format | ✓ |
| | Click to view your summary Tax Invoice in PDF format | ✓ |
| | Click to view your call details in CSV format • We recommend that you open the CSV Document using Microsoft Excel • CSV Document is not a Tax Invoice | ✗ |
| | Click to view your full Tax Invoice in HTML format | ✓ |

Please note:
Format and content of CSV Document may change without notice.

Why EBPP?.....Savings!

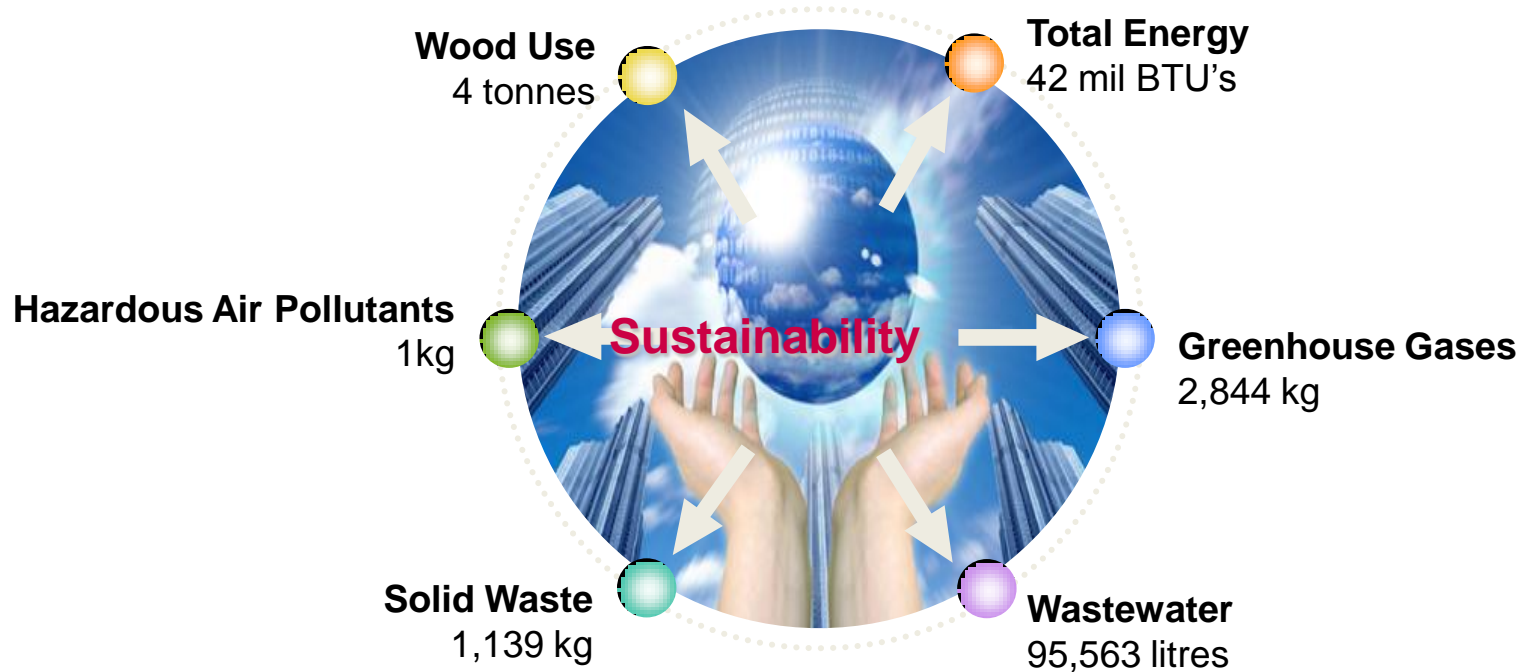
Savings available:

- Electronic customer communication (bills, notices and letters) drives paper production savings
- Customer self-serve drives call centre savings by reducing number of calls and shorter call durations
- Payment channel savings (drive cost effective payment channels such as direct debit and POLI)
- Connexion platform delivers mail house savings through true portability between providers
- Reduce debtor days by driving online payment options.

Why EBPP?.....The soft benefits!

Soft benefits:

A reduction in the environmental footprint eg. 100k paper bills equals:



CXN EBPP Case Study

- Connexion responsible for the Electronic Bill Presentment service including:
 - Bill production including flexible personalised messaging
 - SMART Bill linking to Payment, History, Query, Personalised Offers
 - Interface with independent Mail House for print/post
 - Multi-channel bill delivery, email, web, sms and paper
 - On line archival, retrieval and presentment of all billing correspondence for internal users and customers
 - Workflow & analytics to track customer behaviour
- Key benefits:
 - **Over 60% of customers** have migrated to electronic billing
 - Annual saving of circa **\$6,000,000**
 - A **200% increase** in the uptake of biller direct electronic payments
 - Associated reduction in payment timeframes = reduced debtor days

CXN EBPP Case Study

- **Key benefits:**
 - **Over 75% of customers** have migrated to electronic billing
 - Annual saving of circa **\$6,000,000**
 - A **200% increase** in the uptake of biller direct electronic payments
 - Associated reduction in payment timeframes = reduced debtor days.

EBPP - Summary of benefits

- Online presentation and payments from any screen type, feeding into analytics to better cross-sell
- Web based analysis of transactions and usage trends from any device for any pre/post paid service
- Actionable reports, incl. feeds from Google Analytics and ability to correlate to likely churn behaviour and measure Customer Life Time Value initiatives
- Streamlines operations, increases customer loyalty, profitability, and reduced carbon footprint 'message'
- Cloud based hosted solution, managed service and on-premise 'embedded' support options available
- CXN can integrate and feed into CRM, Billing, Analytics, Loyalty and Customer Life Cycle Management Platforms to maximise effectiveness.

Typical Annual Savings

Example for one CXN client:

| | |
|--------------------------------------|--------------|
| Customer base | 1,300,000 |
| eBilling uptake | 30% |
| eBilling customers | 390,000 |
| Savings | \$AUD |
| Paper savings ^① | 1,150,000 |
| Call Centre savings ^② | 1,985,000 |
| Payment channel savings ^③ | 1,180,000 |
| Mailhouse savings ^④ | 161,000 |
| Total savings | 4,476,000 |
| Savings / customer | \$11.48 |

- ① Savings from reduction in paper usage
- ② Customer self serve enables less calls with shorter call duration to the call centre
- ③ Reduction in debtor days
- ④ Reduction in handling and postage costs.

Further savings can be made when combined with the use of analytics and eMarketing solutions

Australia

In line with 2 of CXN's key operational imperatives which are:

1. Cull low margin service contracts and replace with higher margin contracts
2. Build scale and further its e-communications and e-billing solutions,

CXN Australia were able to sign up eight new blue chip clients during this past quarter (Q2).

This amount of new business clearly shows that CXN's core capability of Data Services will successfully underpin the company's future growth plans.

One example of the culling of onerous, low margin contracts is where CXN will cease the provision of Managed Services to Jetstar in February, in line with exiting low margin and low manpower Data Services business segments.

Singapore

- As a regional hub will underpin the core of the Company's growth and low cost, high efficiency strategy with its core part of the CXN business strategy
- Continues to evolve into organisation's regional operations hub allowing the other operations around the region ie. Australia, Hong Kong and China, to focus on sales and business development
- South-East Asian countries represent a very large and timely opportunity for CXN's industry based eBilling and associated solutions, for 3 main reasons:
 - Scale – the population size and by default, related market size
 - Internet savvy – the majority of the population are native Internet users. The related market demographics are people who now prefer digital communication rather than paper based communication
 - Reduction in usage of paper in communication is universally in line with Government's environmental responsibilities
- The remainder of 2011 will see a big push into the Telco & Utilities vertical markets across South East Asia.

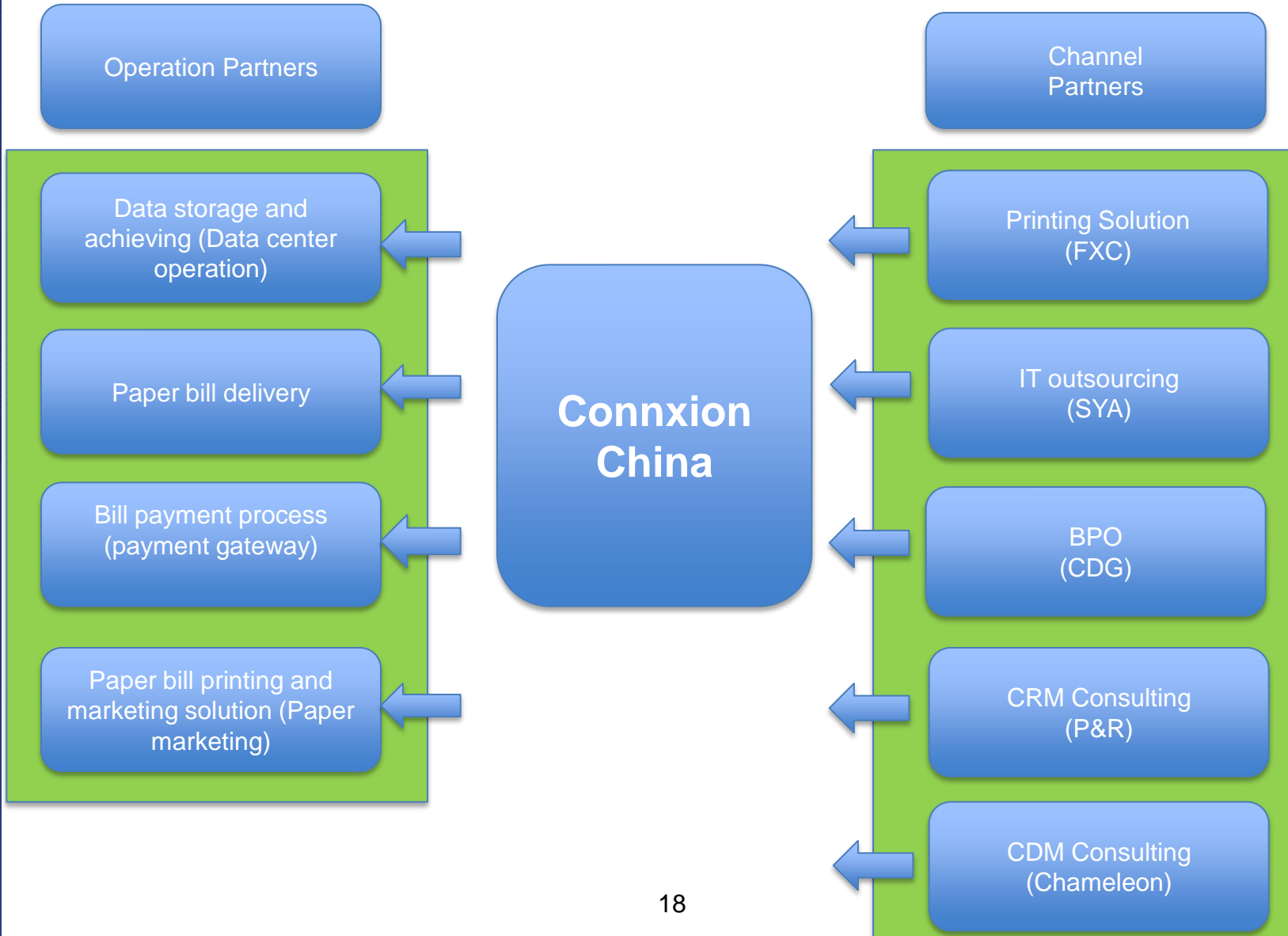
The CXN China Strategy

The core strategy of the JV is based upon using the GDS infrastructure to build out a network in China . This will be done through implementing a lead eCommunication application then rolling out this through dedicated channels to market.

- This will allow the JV to effectively target clients in the related industries of the JV, specifically Banking and then through other customer centric industries.
- The strategy provides a platform to bolt on a number of channel partnerships in the targeted industries to fast track several contract opportunities currently under discussion
- The most attractive segment, the most receptive company and the most relevant application will be ascertained then set up as a lead implementation and proof-of-concept
- Starting with a lead implementation, GDS will provide data centre operations, CXN will provide data integration and EBPP services, and the client will provide access to consumer data
- The JV will explore the potential to work locally with China Post to manage the mix of paper and online bills
- After the initial pilot implementation has succeeded, the JV can roll out the programme to other pre-identified locations and clients.

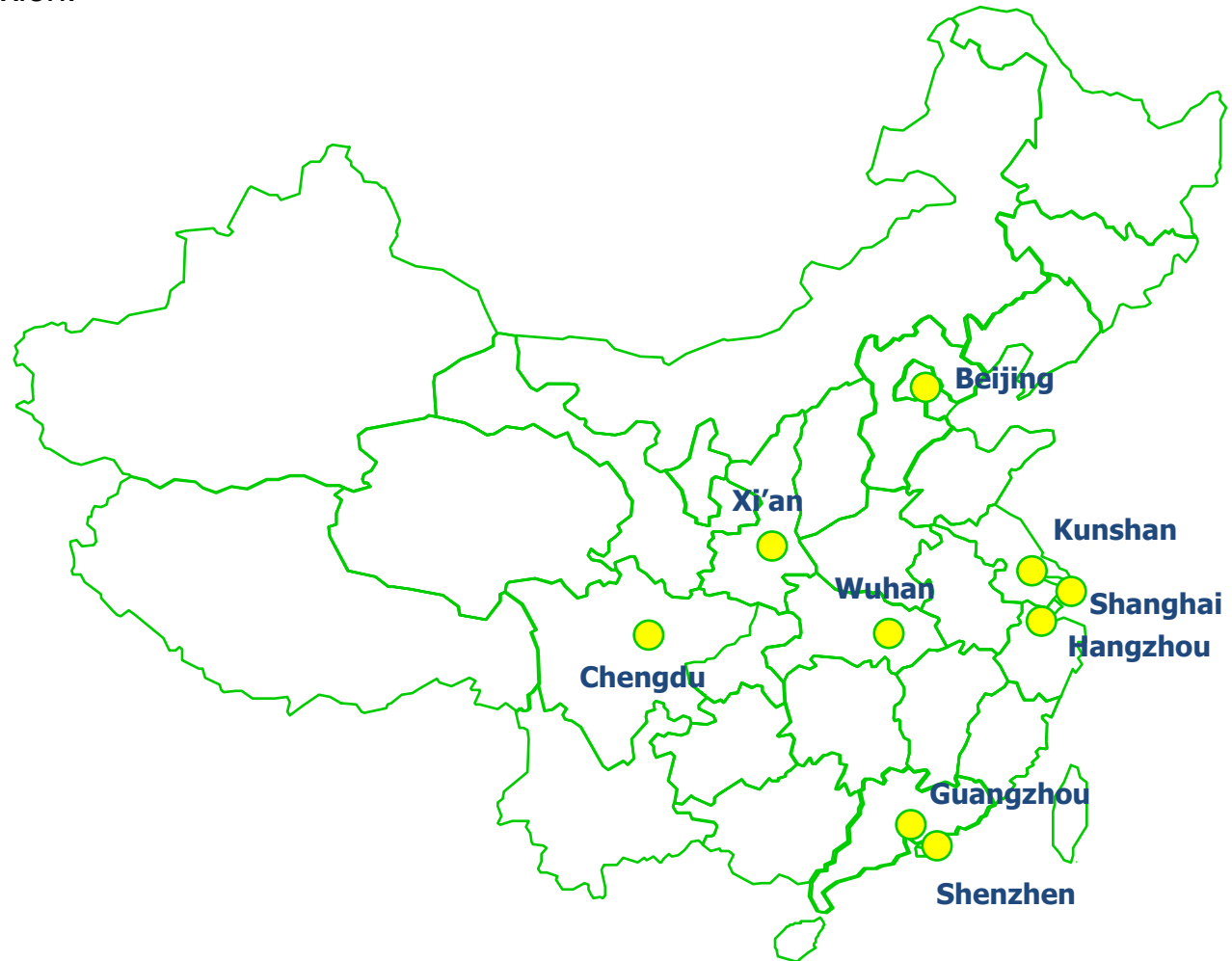
Connxion China - Structure & Go To Market Strategy

CONNIXION



GDS Data Centres

Connxion utilise the infrastructure from a network of nine T4 (the highest possible accreditation) data centres, to deliver our data and transaction services model in China through GDS's blue chip customer base - a low risk, high return opportunity for Connxion.



Why MCDD in China?

- There are over 100 utilities in China, serving 163.1 million billable addresses.
- 54% of homes are not connected to the water supply; 74% have no bathing or toilets
- RMB4 trillion has been allocated to address this rapidly
- Household metering was introduced in 2005 to drive personal accountability for utility costs
- Tens of millions of homes will receive utility connections for the first time – 15% CAGR
- Electricity & gas connections are widespread in large cities; need for communication to better match consumption with available supply
- Historically, where billed, over 95% of all bills have been sent in paper form
- China now has 420 million Internet users – 36% CAGR
- Government regulation is driving down paper usage in favour of eco-friendly alternatives - supports rapid growth potential for EBPP
- Enthusiastic support received from early adopter utilities (eg. Zhejiang).

MCDD - other China market sectors

- Credit cards are a relatively new construct in China. In a population of 1.35 billion people, only 200 million have been issued so far.
- A further 800 million debit cards are in use.
- Issuance of new credit cards has a 26% CAGR
- Growth in credit card billing will be exponential

- Only 120 million broadband connections have been made so far.
- Growth in internet users is 36% CAGR
- Broadband subscription rate has a 21% CAGR
- Growth in broadband billing will be exponential

- Over 500 million billable addresses exist for fixed line and mobile telephony – *excluding pre-paid mobiles (+420 million)*
- Scale is exceptional and competition for e-bill presentation is relatively light.

Key Considerations & Investment Rationale

1. The company will benefit from regional growth across Asia-Pac & China.
2. The company will benefit from relevant industry growth eg. Banking, Telco, Online customer services, Utilities etc
3. More companies are using data related services for competitive advantage through greater operational efficiency, increased customer acquisition, communication and retention
4. The company has a solid, proven management team based across the region
5. The company's product & solutions offer scalable benefits supported by margin growth potential
6. There is long-term growth ahead through new and organic customer growth and related service consolidation via acquisitions & partnerships.

2H Macro Objectives

CXN will continue to implement its core strategy and objectives in the second half of the year, which will guide the Company's macro decision making process as indicated below.

CXN's 2H macro objectives comprise both strategic and operational objectives, and are as follows:

Strategic Objectives

- Expand the regional Data Services platform across Asia and China
- Broaden the Data & Transaction product offering through industry specific solutions

Operational Objectives

- Cull low margin service contracts and replace with higher margin contracts
- Offer value-add data and transaction related services to existing & prospective clients
- Build bundled industry specific solutions suitable for high volume industries
- Aggressively drive Asia expansion and so sales/revenue
- Establish China operation and implement channel sales model
- Continue to increase scale and operating efficiency to result in margin growth.

1H11 Financials*

| | 1H11 Revenue | 1H10 Revenue | 1H11 Segmented EBITDA | 1H10 Segmented EBITDA | 1H11 Margin % | 1H10 Margin % |
|-------------------------|--------------|--------------|-----------------------|-----------------------|---------------|---------------|
| EBPP (Aus) | \$3.14m | \$2.210m | \$1.02m | \$0.28m | 32.5% | 12.7% |
| Managed Services (Aus) | \$5.46m | \$0.579m | \$0.88m | \$0.29m | 16.1% | 50.1% |
| Data Analytics (Aus) | \$0.13m | - | \$(0.22m) | - | -169.2% | - |
| Rewards (HK/China) | \$2.37m | \$0.697m | \$0.25m | \$0.02m | 10.6% | 2.9% |
| - CD (HK/China) | \$2.37m | \$0.697m | \$0.40m | \$0.06m | 16.9% | 8.6% |
| - Cardcorp Asia | - | - | \$(0.15m) | \$(0.04m) | - | - |
| Managed Services (Sing) | \$1.91m | - | \$0.55m | - | 28.7% | - |

* before intersegment eliminations