

Qconnectis Plc
(“Qconnectis” or the “Company”)

**Proposed acquisition of American Leak Detection Holding Corp.,
Capital Reorganisation, Open Offer of up to 1,332,946 New Ordinary Shares at 75 pence
per share, Proposed change of name to Water Intelligence plc, Notice of General Meeting
and Admission of the Enlarged Share Capital to trading on AIM**

Highlights

- Proposed reverse takeover by American Leak Detection Inc. (“ALD”)
- Open Offer to raise up to £1 million before expenses with sub-underwriting commitments amounting to £657,000
- ALD focuses on the accurate, non-destructive detection of all types of leaks including hidden water and sewer leaks, together with repair and other related services
- ALD operates through 114 franchises operating multi service vehicles established in the US and additional 15 franchises outside the US (2009 total revenue c.\$5.5 million)
- Net proceeds of Open Offer to be used to establish UK operation, maximise ALD’s franchise and corporate run opportunities and drive product innovation
- Combined entity to be renamed “Water Intelligence plc”
- Trading on AIM restored, AIM Admission Document posted to Shareholders today

Patrick DeSouza, Chairman, **American Leak Detection** and Proposed Chairman of the Enlarged Group said:

“As a leading brand in non-invasive water leak detection services, American Leak Detection is excited about this strategic opportunity. It will allow us to capitalise on our international strategy in the significant water management market. With the ability to distribute current and future Qconnectis products through our system, we seek to become a “one-stop-shop” solutions provider – providing customers with alerts as to the possibility of water leaks and then non-invasively locating and remediating those leaks. We are very proud of our existing franchisees and hope and believe that this opportunity will help and benefit them and our shareholders as we aim to grow and expand throughout the UK and the EU.”

Harry Offer, Chairman, **Qconnectis** said:

“This combination puts the Company on a sound footing. We can explore a number of attractive opportunities which the market offers. We hope to offer our customers such as Thames Water and Scottish Water the benefits of the leak detection/remediation services that we can now bring to the UK.

“I would like to thank the Qconnectis team, including Interim CEO Barbara Spurrier, and all our advisers for helping us conclude this transaction.”

FURTHER ENQUIRIES:

Qconnectis plc

Harry Offer, Non-executive Chairman

Tel: 07887 753 341

American Leak Detection Inc.

Patrick DeSouza, Chairman

Tel: +1 203 654 5426

Merchant John East Securities Limited

Bidhi Bhoma/David Worlidge

Tel: 020 7628 2200

Introduction

On 11 January 2010, the Company announced that it had reached agreement, subject to contract and shareholder and regulatory approval, for the proposed acquisition of American Leak Detection, Inc., and that it had raised £395,000 to provide immediate working capital and in anticipation of the proposed acquisition. The fundraising was effected by the issue of the Loan Notes and the issue of 100,000,000 Existing Ordinary Shares at par. Due to the announcement of the identification of a potential acquisition, which would result in a reverse takeover under the AIM Rules, trading in the Company's shares has remained suspended since that time.

The Company announces that its wholly owned subsidiary, Qconnectis Acquisition Co., has entered into the Acquisition Agreements conditional, amongst other things, on Admission, to acquire 91.57 per cent. of the issued share capital of ALDHC, which owns the entire issued share capital of ALD. In the event that the Acquisition Agreement is completed, Qconnectis Acquisition Co. may elect to enter into the Merger under the law of the State of Delaware which would result in the compulsory acquisition of any remaining shares of ALDHC. The Enlarged Group will be renamed Water Intelligence plc. ALD will continue to operate in its current territories under its existing brand. In addition, the Company also announces that it intends to raise up to approximately £1 million to fund future growth of the Enlarged Group by way of an Open Offer of 1,332,946 New Ordinary Shares at 75p per share, following the implementation of the Capital Reorganisation, the terms of which are set out below. MJES has procured sub-underwriting commitments in respect of 876,553 New Ordinary Shares representing £657,414 as at the date of this announcement (subject to clawback).

The consideration will be satisfied by the issue of the Consideration Shares. Based on the Issue Price, the Acquisition values ALD at £5.5 million. Further details of the terms and conditions of the Acquisition are set out below under the heading "Principal Terms of the Acquisition".

The Acquisition will result in a change of control of the Company and a fundamental change in its business and will constitute a reverse takeover under the AIM Rules. In addition, both Patrick DeSouza and Stanford Berenbaum are significant shareholders in ALDHC. As such, the Independent Directors are seeking Shareholder approval for the Acquisition at the General Meeting.

Patrick DeSouza is a director of ALDHC and a major shareholder in Plain Sight and Stanford Berenbaum is President and Chief Executive Officer of ALD as well as a shareholder in Plain Sight. Accordingly, neither Patrick DeSouza nor Stanford Berenbaum has taken part in any of the Board's deliberations concerning the Acquisition.

Following completion of the Acquisition and the issue of the Offer Shares pursuant to the Open Offer, the Concert Party will have a maximum aggregate holding of 6,899,048 New Ordinary Shares, representing 73.55 per cent. of the Enlarged Share Capital (assuming the minimum take-up under the Open Offer). Following Admission and implementation of the Proposals, the Concert Party will hold in excess of 30 per cent. of the Enlarged Share Capital and would normally incur an obligation, under Rule 9 of the City Code, to make a general offer to the other Shareholders to acquire their shares. However, subject to the approval of the other Shareholders on a poll (all of

whom are independent of the Concert Party) at the General Meeting, the Panel has agreed to waive this obligation.

The Proposals are conditional, *inter alia*, on the passing of the Resolutions, the entry into and the drawdown of the Bank Facility and repayment of the ALDHC Debt and Admission. If the Resolutions are approved by Shareholders, it is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on AIM on 30 July 2010.

Whilst the New Board believes that the combined businesses of ALDHC and the Company together represent a significant opportunity for the Enlarged Group, Qonnectis shareholders should be aware that in the absence of the Acquisition being completed the Company will have exhausted its cash resources and be unable to take advantage of business opportunities available as part of a combined group. Therefore, failure to pass the Resolutions will result in the Company needing to seek alternative financing arrangements which the Directors believe would be difficult to find in the current economic environment. Failure to secure alternative financing would result in the Company being unable to meet its obligations as they fall due and lead to inevitable liquidation. Therefore, the Directors believe that the Proposals afford the Company and its last realistic opportunity to survive and to restart its business.

Background information on the Company

Qonnectis was incorporated on 10 February 2000 and admitted to trading on AIM on 24 February 2005. At that time, the Company was a telematics and IT services provider to the utility markets, offering services aiming to achieve significant cost savings through more efficient operation of water and energy networks, improved energy conservation and environmental protection and identification of problems and irregularities in usage of energy and water. Following admission to trading on AIM, the Company went on to win several large contracts, both in the UK and internationally, including with a major office and retail complex in Hong Kong, a UK-based national water conservation consultancy and a large UK emergency services authority. On 11 October 2006, the Company announced that it had been awarded a project with a utility customer being Thames Water, to develop an innovative product, which was named 'Leakfrog'. Several orders for the Leakfrog product were placed in the year to 30 June 2008, building upon the significant progress made by the Company since its admission to AIM. However, in the first half of the year to 30 June 2009, a significant order originally placed in the year to 30 June 2008 was not repeated due to circumstances outside the Company's control.

This, combined with certain other factors, placed a variety of working capital constraints on the Company, which in turn limited its ability to win and deliver new sales contracts. On 3 July 2009, the Company announced that it was in discussions with a number of parties which could lead to additional funding, in the absence of which, the Directors believed that the Company would have insufficient funds to continue trading. The Company subsequently announced on 30 July 2009 that the attempts to secure this funding had not been successful and the directors at that time had requested a suspension in the trading of the Company's shares on AIM, pending clarification of its financial position.

Following preliminary discussions with ALD, the Company executed a letter of agreement with Plain Sight regarding a potential reverse takeover in late September 2009. On 11 January 2010, the Company announced that it had raised £395,000 by the issue of £295,000 of Loan Notes and £100,000 by the placing of 100,000,000 Existing Ordinary Shares at par. The repayment obligations under the Loan Notes have been guaranteed in full by ALD. The Loan Notes are due to be repaid on Admission and the holders of the Loan Notes have agreed to use the proceeds to subscribe for New Ordinary Shares at a 25 per cent. discount to the Issue Price. In addition, it was also announced on 11 January 2010 that Patrick DeSouza and Stanford Berenbaum had joined the Board as Non-executive Directors. The Independent Directors believe that the fundraising would not have been achieved without the involvement of ALD and the pending Acquisition.

The New Board believes that the Enlarged Group, following the Open Offer and Admission, will have expansion opportunities as a result of ALD's thirty-year track record in providing premium noninvasive water leak detection services and the Company's water monitoring line of products. In addition, ALD's balance sheet and recurring cashflows, experienced management team, current product offering and size of its addressable market all justify the Board's recommendation of the transaction to Shareholders.

As stated above, trading in the Company's shares has been suspended since July 2009. The suspension has been lifted today on the publication of the AIM Admission Document and the release of the Company's results for the 18 month period ended 31 December 2009. It should be noted, however, that completion of the Acquisition is subject to a number of conditions being satisfied and that there can be no guarantee that such conditions will be satisfied. Therefore, any dealing prior to the Resolutions being passed will be in the Existing Ordinary Shares only and not reflect ALDHC as part of the Company's group.

Information on ALD

History and overview

ALD's business was founded in California in 1974 by Richard Rennick. The company expanded steadily across the US through franchise sales and eventually entered the international market in 1989.

In early 2006, ALD was acquired by ALDHC, which is 92 per cent. owned by Plain Sight, Patrick DeSouza, Stan Berenbaum and certain other individuals. By 2009, ALD and its franchises had grown into a business with in excess of \$50 million of franchise system-wide sales and a US brand leader in the leak detection market.

ALD focuses on the accurate, non-destructive detection of all types of leaks including hidden water and sewer leaks, together with repair and other related services. ALD's service technicians utilize proprietary training and specialist equipment such as infrared cameras and acoustic devices to pinpoint leaks, employing less invasive methods to find the source of a leak compared with breaking or drilling holes in walls and floors. Because leaking water can travel along water lines or leaks may be pinhole size in various places along a water pipe, in many instances, ALD's service offerings have the potential to reduce the repair costs for the consumer compared with typical plumbing solutions as they do not rely on a 'trial-and-error' method of exposing whole sections of pipe to locate leaks.

In addition to the four corporate territories directly owned and controlled by ALD, ALD operates a franchise structure, with approximately 129 franchise agreements executed with franchisees established in the US and seven other regions internationally, including Canada, Australia, Brazil, Venezuela and the EU. Further details on the franchise system are set out below.

ALD's business

ALD's principal customers are residential, commercial and municipal and it focuses predominantly on the following areas of leak detection:

- the detection of leaks in interior and exterior plumbing systems;
- the detection of the location of indicated leaks;
- the detection of slab (concrete/basement/raised floor) leaks;
- the detection of leaks in walls;
- the detection and location of existing utility pipes;
- the detection of leaks in swimming pools, fountains and spas; and
- the detection of leaks in sewer systems.

On the detection of a leak or suspicion that a leak has occurred, ALD or one of its franchisees will typically receive a call from a homeowner or business owner. Calls can also come from referral sources such as insurance adjusters, contractors, restoration companies or plumbers, who have been called out but require specialist help. A service vehicle is then dispatched to the location where the detection work can begin.

A typical call-out fee for a leak detection job ranges from \$250 to \$350. After two hours, an additional \$125 per hour is usually applied for the technician's time and skill and in such cases the leak detection is usually more complex. Franchisees have flexibility to adjust the typical call-out fee.

The customer is typically then given a report on the location of the leak, the recommended course of action and the likely remediation cost, if any. If the customer opts to have the remediation work carried out, it can be done immediately thereafter if the technician's schedule permits. If not, a further appointment is booked and the technician(s) returns as soon as possible. The range of remediation work can vary from simple pipe repairs costing a few hundred dollars to entire pipe replacement jobs (for example on older properties) which can cost in excess of \$7,500.

ALD also performs services for municipal customers. This includes leak survey work. Typically, municipalities and large water systems are concerned about regulatory compliance, water leaks and potential fines and penalties, lost revenue, operational efficiency improvements and of course, reducing the potential for water contamination, property damage, liability and water outage events. In conducting leak surveys, ALD uses sonic leak detection equipment as well as correlation equipment. Correlation and computer equipment helps compare sound travel times at various pipe locations to help determine the location of a leak.

As leaks are detected on behalf of customers, ALD also seeks to leverage its customer base by selling additional follow-through solutions for remediation of leaks and related solutions to maintain pipes and water quality. For example, in addition to leak detection services, certain ALD franchisees also perform traditional, as well as, non-invasive methods of leak remediation. Non-invasive leak remediation systems made available to ALD franchisees include the 'ePipe™', an epoxy based coating system which allows technicians to restore pipes in situ. Damaged or leaky pipes are restored within the walls or floors, without the need to remove or replace the entire pipe, significantly limiting any damage caused in comparison.

Certain ALD franchisees also perform bioremediation services and sell associated bioremediation products. These services and products, marketed mainly to commercial customers, are designed to help keep drain lines clean and clear by removing fats and grease build-up using eco-friendly managed solutions.

ALD has an agreement with Leslie's Swimming Pool Supplies ("Leslie's"), the largest specialist retailer of swimming pool supplies in the US, to help retro-fit and install new pool drains to comply with a US federal law that mandated the installation of specific drain covers. The relevant legislation promotes the safe use of commercial pool, spas and hot tubs by imposing mandatory federal requirements for suction entrapment avoidance. As a result of ALD franchisee presence throughout the US, Leslie's contracted ALD to carry out drain cover installations in swimming pools and spas for certain of Leslie's nationwide US commercial accounts, including hotel chains.

ALD is also a member of a number of trade associations, including the American Water Works Association ("AWWA"), the largest organisation of water professionals in the world, representing more than 100 countries. AWWA members represent a broad spectrum of the water community: treatment plant operators and managers, scientists, environmentalists, manufacturers, academics, regulators, and others with an interest in water supply and public health.

Franchisees

ALD's business operates through a system of franchises. There are currently 114 franchise agreements with franchisees operating multiple service vehicles established in the US, with an additional 15 franchise agreements outside the US. The initial investment required from prospective unit-level franchisees on the purchase of a franchise currently ranges from approximately \$83,000 to \$233,350. This investment covers the initial franchise/exclusive territory fee, the appropriate training and proprietary and other equipment. The level of the fee is dependent on the size of the territory in which the franchise will be based and other applicable demographics. The standard franchise agreement is for an initial period of ten years after which the agreement is capable of being renewed by the parties for an additional period. New franchisees begin by offering residential leak detection and associated services. As the business develops, they are subsequently authorised to offer services to municipalities, water districts, industrial estates and large commercial customers.

Research and development

ALD uses sophisticated leak detection and related equipment. Certain of ALD's equipment is proprietary, including its XLT 50 Leak Finder (ALD's principal leak detector) as well as "LeakVue."

LeakVue helps ALD technicians verify any change in a body of water, such as a swimming pool, the results of which are transferred wirelessly to a PDA device.

LeakVue was developed by Plain Sight, historically a major shareholder of ALDHC. Incorporated in 2000 by a group of scientists affiliated with Yale University, Plain Sight is principally a technology holding company and has a platform of over 15 patents and filings for new product offerings focused in various markets, including infrastructure services. Through its close relationship with Yale and the US Defense Department (particularly Defense Advanced Research Projects Agency or DARPA), Plain Sight has developed and owns a diverse patent portfolio and a range of proprietary technologies that it licenses to businesses across a wide range of markets from defence (e.g. Lockheed Martin) to resource management (e.g. Eaton Corporation). Over the last decade, Plain Sight has received over \$10 million in research funding from DARPA and other government agencies to advance its technologies.

ALD will have the right to utilise future technology related to the field of water supply and water metering developed by Plain Sight and its scientists following Admission on a royalty free basis for the first \$5,000,000 of any product sales which include intellectual property under the licence, with a fee of three per cent. paid on any further sales. Further information on this arrangement is set out in paragraph 12.3 of Part VII of the AIM Admission Document.

ALD is a member of the International Franchise Association (IFA). Founded in 1960, the IFA is comprised of thousands of franchisors, franchisees, and suppliers. The organisation seeks to protect, enhance and promote franchising worldwide through legislative, educational and networking opportunities. For its franchise system, ALD established the American Leak Detection Advisory Council (ALDAC). ALDAC is comprised of ALD franchise owners who provide advice and counsel on the planning and growth development of the ALD franchise system. One of the objectives of the Enlarged Group following Admission will be to buy back and further develop certain existing franchise businesses.

The New Board intends to apply part of the proceeds from the Open Offer in expanding ALD's research and development activities in order to maintain ALD's competitive advantage over more standardized service providers in the water services sector. Further details on the use of proceeds are set out below.

Revenue model

ALD's key revenue streams are described below:

- *Franchise Royalties*

Royalties typically account for almost two thirds of ALD's revenue. Franchisees pay monthly royalties based on a percentage of gross monthly sales, ranging from six to 10 per cent.

- *ALD Corporate Owned Locations*

ALD derives revenue from sales at its premises in Palm Springs, San Bernadino, Boston and Fort Lauderdale. Corporate sales typically make up approximately 25 per cent. of ALD's total annual revenue.

- *New Franchise Sales*

ALD also derives revenue from the sale of new franchises to franchisees. While not a priority over the past few years, the New Board intends to exploit the opportunity it believes there exists by expanding franchise operations into the UK, the EU as well as underdeveloped areas in the US.

- *ALD Warehouse*

ALD supplies its franchisees with equipment and materials. This service is a convenience for franchisees. However, a modest mark-up is applied to the goods and hence additional revenue is generated. It is intended that, following Admission, Qconnectis products will be available to franchisees for operational use or resale through the ALD warehouse.

The Leak Detection Market

The New Board is of the view that both the residential/commercial and the municipal/utility markets present significant opportunities for a business with a brand, reputation and existing international presence, such as ALD.

On the residential side, an example of just one market in which ALD franchisees achieve higher margin sales is the location and remediation of pool and spa leaks. A report published by SBI Energy in May 2007 estimated that there were in excess of 8 million swimming pools in the US. The New Board estimates that approximately half of these pools are in-ground pools. Most, if not all, pools and spas will have leak problems during their service life. The New Board's view is that with the application of growth capital, continued penetration of this market segment is possible.

From a more general perspective, the Water Infrastructure Network estimated in 2000 that over 20 years, \$940 billion would be required for investment in water and sewer infrastructure improvement works. The World Bank has estimated the costs to utilities of water lost before reaching the consumer due to leaky pipes and poor maintenance at approximately \$14 billion per annum. These costs increase when also considering water wasted due to leaks after reaching the end-user; whether commercial or residential. The US government has estimated that more than 1 trillion gallons of water leak from US homes each year, at a cost of approximately \$1.5 billion. 10 per cent. of these homes have leaks that waste more than 90 gallons per day. The costs to end-users can also be significant when considering the damage to property following a leak. In the US, it is estimated that \$10.4 billion is spent each year to repair the effects of leaks. In the UK, this figure is approximately £1.8 billion.

ALD's customers are not only providers and end-users of water but also organisations such as insurance companies and restoration companies. Increasingly, with infrastructure spending on the rise in the US and around the world, ALD is beginning to focus on municipal work such as water surveys of pipes in addition to its traditional leak detection offerings.

The Enlarged Group will seek to address these opportunities using ALD's existing established international consumer base as a place from which to grow. In addition to the expanded geographical reach, the New Board seeks to identify opportunities for the Enlarged Group to cross-sell complimentary products and services developed by the Company to ALD's existing customers and Qconnectis's prior municipal customers.

Barriers to entry and competition

The New Board believes that its competitive advantages include its full range of service offerings, its brand and over 30 years of experience, the specialised equipment it uses, the training it provides its franchise owners and technicians working from business run directly by ALD, its

marketing system and the key relationships it has with channel partners such as insurance and restoration companies. For certain segments of its business, ALD may face competition from others, including independent plumbers, repair services, other leak detection companies and services.

The New Board is aware of certain other companies or businesses that offer leak detection services. However, as far as it is aware, these businesses tend to be small owner run-operations without the franchise or branding presence of ALD.

Current trading and prospects

Qonnectis

In the first quarter of 2010, Qonnectis generated modest revenues through a sale of 250 units of its Leakfrog product to Northumbrian Water, a new customer, and renewals of contracts for data monitoring services for London Fire Brigade. Overhead costs have been kept under control in order to preserve the Company's cash resources from the fundraising completed in January 2010, which at 31 March 2010, stood at approximately £144,000.

ALD

The first two months of 2010 produced a stable trading performance for ALD with consistent monthly revenue and earnings during a period in which, in ALD's management's opinion, the US economy was still emerging from the poor macroeconomic conditions in 2009. ALD generated turnover of approximately \$930,000 and franchise royalty income remained steady at 65 per cent. of revenue. ALD continues to perform in line with its management's expectations for the current financial year.

Qonnectis currently provides products which alert the consumer to a potential leak through the monitoring of a normal water usage rate and has historically supplied its products to utilities, such as Thames Water. At present, ALD specialises in pinpointing existing water leaks non-invasively so that they may be remediated with minimal damage to the surrounding area, i.e. walls and floors etc. Whilst ALD does service municipalities in the United States, the majority of its customer base in the US is from the residential market. Following the Acquisition, the Enlarged Group aims to be able to provide its collective existing customers a broader and more complete range of products and services. Specifically, the New Board hopes that Qonnectis's existing UK water utility customers will benefit from the offering of non-invasive leak detection services and that ALD's current consumers can be supplied with water usage monitoring and successor products to help them to more effectively identify the presence of a leak.

In contemplation of completion of the Acquisition and Admission, the New Board has already been in active discussions with certain water utilities and potential franchisees in the UK. Although there can be no guarantees that these discussions will be successfully concluded, the New Board is hopeful that new revenue streams can be established following Admission.

Reasons for Admission, the Open Offer and use of the proceeds

The New Board intends to use the net proceeds of the Open Offer to:

- maximise ALD's franchise and corporate-run opportunities;
- establish a UK operation, which will facilitate ALD's services being utilised in the UK water services industry, and an additional US operation in Connecticut; and
- develop, through the Company's arrangements with Plainsight, additional water metering products and devices, including possibly a next generation wireless water flow analyser to be called 'Reporter', which may be expected to be in production by the end of 2011.

The New Board believes that the Acquisition and Admission should:

- enhance the status of the Enlarged Group's brand and market recognition;

- assist the Company in raising additional equity capital for the further development of the Enlarged Group's business;
- take advantage of future acquisition opportunities complementary to the current business model, should any arise;
- improve the Enlarged Group's ability to effect buy backs (where possible, using New Ordinary Shares to form all or part of the consideration) of developed franchise areas in the US which may benefit from being part of corporate run operations of the scale of ALD and the resulting efficiencies;
- enable the Enlarged Group to better recruit key personnel for expansion; and
- provide liquidity for investors through the ability to buy and sell New Ordinary Shares.

Principal terms of the Acquisition

On 7 July 2010, Qconnectis entered into the Acquisition Agreements pursuant to which it has conditionally agreed to acquire 91.57 per cent. of the issued share capital of ALDHC, the consideration for which will be satisfied by the issue of the Consideration Shares (representing up to 78.09 per cent. of the Enlarged Share Capital), payable on Admission.

The Acquisition Agreements contain warranties from the Vendors in relation to their title to the capital stock of ALDHC, warranties by the Company in relation to its authority to issue the Consideration Shares and certain indemnities from the Vendors and by the Company.

The Acquisition is conditional upon, *inter alia*:

- (i) the entry into and drawdown under the Bank Facility and repayment of the ALDHC Debt;
- (ii) the Acquisition Agreements becoming unconditional in all respects, save for Admission; and
- (iii) Admission of the Consideration Shares having occurred.

In the event that the Acquisition Agreements are completed, Qconnectis Acquisition Co. may elect to enter into the Merger which would result in the compulsory acquisition of any shares of ALDHC held by the remaining ALDHC Shareholders and which, if implemented, would be filed and become effective on the day of Admission.

Capital Reorganisation

The Capital Reorganisation is being proposed because, historically, the bid-offer spread for the Company's Existing Ordinary Shares has represented a relatively large proportion of the mid-market price. The New Board believe that the proposed consolidation will help to reduce the spread and increase liquidity when trading in the New Ordinary Shares commences. Accordingly, the New Board have decided that a share reorganisation will be effected on the basis of one New Ordinary Share and one B Deferred Share for every 1,200 Existing Ordinary Shares.

Holders of fewer than 1,200 Existing Ordinary Shares will not be entitled to receive a New Ordinary Share following the Capital Reorganisation. Shareholders with a holding in excess of 1,200 Existing Ordinary Shares, but which is not exactly divisible by 1,200, will have their holding of New Ordinary Shares rounded down to the nearest whole number of New Ordinary Shares following the Capital Reorganisation. Fractional entitlements, whether arising from holdings of fewer or more than 1,200 Existing Ordinary Shares, will be sold in the market and the proceeds will be retained for the benefit of the Company.

The Existing Ordinary Shares have been admitted to CREST. Application will be made for Enlarged Share Capital to be admitted to CREST, all of which may then be held and transferred by means of CREST. It is expected that the New Ordinary Shares arising as a result of the Capital Reorganisation in respect of Existing Ordinary Shares held in uncertificated form, i.e. in CREST, will be credited to the relevant CREST accounts on 30 July 2010 and that definitive share certificates in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation from Existing Ordinary Shares held in certificated form will be despatched to

relevant Shareholders by 6 August 2010. No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 29 July 2010 and, pending delivery of share certificates in respect of New Ordinary Shares will be certified against the register. The record date of the Capital Reorganisation is 29 July 2010.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

The B Deferred Shares will have no voting rights and will not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They will carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they will carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case, a payment to any one holder of B Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the B Deferred Shares without reference to the holders thereof and for no consideration.

Accordingly, the B Deferred Shares will, for all practical purposes, be valueless and it is the Board's intention, at an appropriate time, to have the B Deferred Shares cancelled, whether through an application to the Companies Court or otherwise. No certificates will be issued in respect of the B Deferred Shares.

The ISIN of the New Ordinary Shares will be GB00B3PFSR32 on Admission.

Details of the Open Offer

Structure

The Directors have given a great deal of thought as to how to structure the proposed fundraising and have concluded that the Open Offer is the most suitable option available to the Company and its Shareholders.

Up to 1,332,946 New Ordinary Shares will be issued through the Open Offer at 75 pence per Open Offer Share (to raise gross proceeds of approximately £1 million). MJES has agreed as agent for the Company to use its reasonable endeavours to procure sub-underwriting commitments in respect of the Open Offer, and in accordance with, the terms of the Underwriting Agreement. Sub-underwriting commitments in respect of 876,553 New Ordinary Shares representing £657,414 have been procured at the date of this announcement (subject to clawback).

Allocations under the Open Offer

In the event that valid acceptances are not received in respect of any of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility.

Basic Entitlements

Prior to the proposed Capital Reorganisation, and subject to the fulfilment of the conditions set out below and in Part III of the AIM Admission Document, Qualifying Shareholders are being given the opportunity, on and subject to the terms and conditions of the Open Offer, to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Issue Price. Qualifying Shareholders have a Basic Entitlement of:

11 Open Offer Shares for every 4,500 Existing Ordinary Shares

registered in the name of the relevant Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares held.

Basic Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer than 4,500 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 1,332,946 New Ordinary Shares.

Excess Application Facility

Subject to availability, the Excess Application Facility enables Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Basic Entitlement up to an aggregate maximum number of shares equal to the maximum number of Open Offer Shares available under the Open Offer.

Conditionality

The Open Offer is conditional upon the following:

- the drawdown under the Bank Facility and repayment of the ALDHC Debt;
- the passing of the Resolutions to be proposed at the General Meeting to be held on 29 July 2010;
- Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 30 July 2010; and
- the Underwriting Agreement becoming unconditional in all respects and not being terminated prior to Admission.

If the Resolutions are not passed or Admission does not take place at 8.00 a.m. on 30 July 2010 (or such later time and/or date as the Company may determine, not being later than 1.00 p.m. on 31 July 2010) or if the Underwriting Agreement is terminated, the Open Offer will lapse, any Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will, after that time and date be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

Application for Admission

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Subject to, among other things, the Resolutions being passed, it is expected that Admission will become effective at 8.00 a.m. on 30 July 2010 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day. No temporary documents of title will be issued.

The Open Offer Shares to be issued pursuant to the Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of this announcement and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the New Ordinary Shares after Admission.

In connection with the applications for Admission and the Open Offer, the Company has entered into the Underwriting Agreement with MJES pursuant to which MJES has agreed as agent of the Company to use its reasonable endeavours to procure sub-underwriting commitments for the Offer Shares.

Important notice

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will

not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or sub-underwriters procured by MJES and that the net proceeds will be retained for the benefit of the Company.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Shares prior to the close of business on 2 July 2010 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.

Effect of the Open Offer

Upon completion of the Open Offer, the Open Offer Shares will represent approximately 9.35 per cent. of the Enlarged Share Capital, based on the estimated minimum proceeds and 13.55 per cent. based on the maximum proceeds being received.

Open Offer Shares

The Open Offer Shares will be issued pursuant to authorities to be sought at the General Meeting. Following the issue of the Open Offer Shares pursuant to the Open Offer, a Qualifying Shareholder who does not take up any of his Basic Entitlement (and does not take up any Excess Shares under the Excess Application Facility) will suffer a dilution of approximately 95 per cent. to his economic interests in the Company. If a Qualifying Shareholder subscribes for his Basic Entitlement in full but does not take up any Excess Shares under the Excess Application Facility he will suffer a dilution of approximately 82 per cent. to his economic interests in the Company.

New Board

Harry Offer will remain on the board of the Company as a Non-executive director following Admission. Conditional on Admission, Patrick DeSouza and Stanford Berenbaum will assume the roles of Chairman and Chief Executive Officer, respectively, Barbara Spurrier will be stepping down and Ric Piper, Michael Reisman and Stephen Leeb will be appointed as Non-executive Directors.

Brief details on the proposed New Board are set out below:

Patrick J. DeSouza (aged 51), Proposed Executive Chairman

Dr DeSouza is President and Chief Executive Officer of Plain Sight and is a graduate of Columbia College, the Yale Law School and Stanford Graduate School. He has 18 years of operating and advisory leadership experience with both public and private companies in the defence, software/Internet and asset management industries. Over the course of his career, Mr DeSouza has had significant experience in corporate finance and cross-border mergers and acquisition transactions. He has practised corporate and securities law as a member of the New York and California bars. Mr DeSouza has also worked at the White House as Director for Inter-American Affairs on the National Security Council. He is the author of Economic Strategy and National Security (2000) and has been a visiting lecturer at Yale Law School.

Stanford P. Berenbaum (aged 43), Proposed Chief Executive

Mr Berenbaum is President and Chief Executive Officer of ALD. He earned his Doctor of Jurisprudence degree, cum laude, from Wayne State University. He was formerly partner in the Antitrust, Trade Regulation and Franchising Department of the Detroit-based law firm Honigman Miller, as well as Vice President and General Counsel of Little Caesar Enterprises, Inc., an international pizza restaurant operator and franchisor. Mr Berenbaum, licensed to practice before the US Supreme Court, is a member of the California and Michigan state bars and is also an International Franchise Association Certified Franchise Executive.

Harry Offer (aged 48), Proposed Non-executive Director

Mr Offer is a Director of the Offer Group Ltd and sold his interest in Screenedata Limited, a start up business in which he was a 50 per cent. shareholder and director in a trade sale in 2007. Harry has an MA from Cambridge and gained an MBA from Cranfield in 1993 in addition to his MRICS qualification in 1990 and is currently a trustee of The Richmond Charities' Almhouses.

Ric Piper (aged 57), Proposed Non-executive Director

Mr Piper qualified as a Chartered Accountant in 1977. He was appointed Finance Director of Logica (UK) in 1990 and was Group Finance Director of WS Atkins from 1993 to 2002. Since 2003, he has held the role of Chairman or Non-executive Director for several AIM and privately owned businesses. Mr Piper has been a partner with Restoration Partners Limited, which advises technology businesses, since 2006. Mr Piper is an Audit Committee member of the Science and Technologies Facilities Council (and its predecessor, the Particle Physics & Astronomy Research Council), and is a member of the Financial Reporting Review Panel. Currently he is a Non-executive Director with Matchtech Group plc, an AIM listed technical and professional recruitment company, and with Turbo Power systems Inc, the Toronto Stock Exchange and AIM listed power generation and conditioning equipment supplier.

Michael Reisman (aged 70), Proposed Non-executive Director

Prof. Reisman is a director of Plain Sight and currently serves as Myres S. McDougal Professor of International Law at the Yale Law School, where he has been on the faculty since 1965 and has previously been a visiting professor in Tokyo, Berlin, Basel, Paris, Geneva and Hong Kong. He is a Fellow of the World Academy of Art and Science and a former member of its Executive Council, the President of the Arbitration Tribunal of the Bank for International Settlements, a member of the Advisory Committee on International Law of the Department of State, Vice-Chairman of the Policy Sciences Center, Inc., and a member of the Board of The Foreign Policy Association.

He has published widely in the area of international law and served as arbitrator and counsel in many international cases. He was also President of the Inter-American Commission on Human Rights of the Organization of American States, Vice-President and Honorary Vice-President of the American Society of International Law and Editor-in-Chief of the American Journal of International Law. He has served as arbitrator in the Eritrea/Ethiopia Boundary Dispute and in the Abyei (Sudan) Boundary Dispute.

Stephen Leeb (aged 63), Proposed Non-executive Director

Dr Leeb has been a director of Plain Sight since 2008 and acts as chairman of Leeb Capital Management, Inc., a registered investment advisory firm based in the New York. In his role as chairman, Dr Leeb guides the company's investment decisions which are then implemented within the portfolios under the firm's management.

He is also a member of the advisory boards of a number of private US companies and founded the Leeb Group, a publisher of financial newsletters. Dr Leeb has written seven published books on investments and financial trends.

Dr Leeb received his bachelor's degree in Economics from the University of Pennsylvania's Wharton School of Business and earned his master's degree in Mathematics and Ph.D. in Psychology from the University of Illinois.

Senior Management of ALD

Pamela Vigue (aged 49), Chief Financial Officer

Ms Vigue, having received her Bachelor of Science degree in Accounting from California State University, San Bernardino, joined ALD in 1998 and has over 25 years experience in the accounting field.

Jimmy Carter Sr. (aged 46), Director of Corporate Field Services

Mr Carter has 25 years experience in leak detection and repair. As an expert in the municipal leak detection field, Mr Carter is as a frequent lecturer, speaker and advisor to Rural Water Association and American Water Works Association. Mr Carter has a variety of licenses, including several California State Plumbing Licenses, and is certified in Infrared Thermography and PADI open water diving, which allows him to investigate difficult to locate leaks, such as those in residential pools

Lisa Stickle (aged 45), *Director of Marketing*

Ms Stickle has over 20 years experience in the marketing, advertising, communications and PR sectors. She received her degree in Fashion and Business Marketing from Oregon State University and is also an International Franchise Association Certified Franchise Executive.

Judy Howard (aged 56), *Director of Franchisee Relations*

Having joined ALD over 13 years ago, Ms Howard is the company's director of Franchise Relations and provides support to ALD franchise owners.

Michelle Hogle (aged 55), *Director of Human Resources and Administration*

Ms Hogle, having completed Portland State University's Professional Development Program and received the university's Certificate in Human Resource Management, is ALD's director of Human Resources and Administration and has over 13 years of experience in the human resource field.

Lock-in and orderly market arrangements

Each of the New Board and Plain Sight has undertaken to the Company and MJES that he or she will not (and will procure that any person with whom he or she is connected will not) sell or otherwise dispose of any interest in New Ordinary Shares (excluding any Open Offer Shares) beneficially owned or otherwise held or controlled by him or her for a period of 12 months following Admission, save in limited circumstances such as, *inter alia*, the acceptance of an offer for the Company or the giving of an irrevocable undertaking to accept an offer so long as it is open to all shareholders; or a disposal pursuant to a court order, or required by law or any competent authority. Each of the New Board and Plain Sight has also undertaken that for a further period of 12 months after the first anniversary of the date of Admission, he or she will not (and will use all reasonable endeavours to procure that no person connected with him or her shall) dispose of any New Ordinary Shares, save in certain limited circumstances, without the consent of MJES, not to be unreasonably withheld. Ronald Coifman has agreed to the same terms pursuant to the terms of a lock in deed. In addition, Barbara Spurrier, who is standing down from the Board on Admission, has undertaken not to dispose of any New Ordinary Shares for a period of one year from Admission without the consent of MJES.

Financial information on the Company and ALD

The Company's annual report and accounts for the 18 month period ended 31 December 2009 will be posted to Shareholders today and are available to download from the Company's website, www.qconnectis.com. Your attention is drawn to the "Current Trading and Prospects" section above.

Loan Notes and Warrants

On 11 January 2010 Qconnectis announced that it had issued £295,000 principal of guaranteed loan notes. The Loan Notes attract an interest rate of eight per cent. per annum and are repayable (together with accrued interest) upon completion of the proposed acquisition of ALD. Holders of Loan Notes have also been issued with Warrants to subscribe for Ordinary Shares at a 25 per cent. discount to the Issue Price. Loan Note holders have agreed to apply the proceeds of the repayment of Loan Notes upon completion of the proposed acquisition of ALD to exercise the Warrants granted to them.

If the Acquisition does not occur, the Loan Notes are repayable in two equal tranches on the first and second anniversaries of the date of issue. Repayment of the Loan Notes has been

guaranteed in full by ALD, in consideration for which, ALD has been granted security by way of a fixed and floating charge over all of the Company's assets. In addition and again, if Admission does not occur, the Company has agreed to issue preferred convertible loan notes ("Preferred Loan Notes") to ALD in consideration of, among other things, any amounts loaned to the Company by ALD and any monies paid to any third party by ALD as a result of the repayment guarantee under the Loan Notes. The Preferred Loan Notes shall bear interest at 18 per cent. per annum and shall be redeemable at twice the principal amount (and unpaid interest). The Preferred Loan Notes shall be convertible, at ALD's option and subject to the grant of a waiver of the obligations under Rule 9 of the Code by independent shareholders at that time (if necessary), into Ordinary Shares at 0.1p per share. The Company has also agreed to permit ALD, at that time, to appoint a majority of the directors on the Board of the Company.

The Company has also agreed to issue warrants to MJES to subscribe for 187,526 New Ordinary Shares at the Issue Price for a period of four years from Admission.

Under the Bank Facility, ALDHC will grant The Bank of Southern Connecticut a warrant over 70,000 shares of common stock of ALDHC at an exercise price of \$1 per share. The New Board will procure that the Company will grant replacement warrants over 70,000 New Ordinary Shares with an exercise price of 63p per share.

Share options

The New Board believes that the recruitment, motivation and retention of key employees is vital for the successful growth of the Enlarged Group. The New Board considers that an important element in achieving these objectives is the ability to incentivise and reward staff (including executive directors) by reference to the market performance of the Company in a manner which aligns the interests of those staff with the interest of shareholders generally. The New Board intends to adopt new share option plans following Admission, pursuant to which options to acquire New Ordinary Shares will be granted to directors and employees of the Enlarged Group. If appropriate, the Board intends to adopt one policy for eligible employees based in the UK and one for eligible employees based in the US. It is expected that the total number of New Ordinary Shares that may be committed under the schemes, if implemented, will represent in aggregate a maximum of 15 per cent. of the Company's issued ordinary share capital from time to time.

Corporate governance

The New Board recognises the importance of sound corporate governance and the New Board intends to ensure that, following Admission, the Company adopts policies and procedures which reflect the Corporate Governance Guidelines for AIM companies published by the Quoted Companies Alliance ("QCA").

Following the implementation of the Proposals, the New Board will meet monthly to review key operational issues and the strategic development of the Enlarged Group. The financial performance of the Enlarged Group will be reported and monitored. All matters of a significant nature will continue to be discussed in the forum of a board meeting. The New Board will be responsible for internal controls to minimise the risk of financial or operational loss or material misstatement. The controls established will be designed to meet the particular needs of the Company having regard to the nature of its business.

The Company has also established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. Each committee will consist of Ric Piper and Michael Reisman, with Ric Piper chairing the Audit Committee and Michael Reisman chairing the Remuneration Committee.

The Audit Committee will determine the terms of engagement of the Enlarged Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the Enlarged Group's auditors relating to

the interim and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group.

The Audit Committee will have unrestricted access to the Enlarged Group's auditors. The Remuneration Committee will review the scale and structure of the executive directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the nonexecutive directors will be set by the entire board.

Corporate governance measures are designed to manage rather than eliminate risk of failure to achieve business objectives or abuse of internal controls, and can only provide reasonable and not absolute insurance against material misstatement, loss or abuse.

The Company will on Admission adopt a share dealing code and ensure, in accordance with Rule 21 of the AIM Rules, that the New Board and applicable employees do not deal in any New Ordinary Shares during a close period (as defined in the AIM Rules) and will take all reasonable steps to ensure compliance by the Directors and applicable employees.

The Directors believe that the Company has sufficient experience in accounting systems and controls which will provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the Enlarged Group.

Dividend policy

The New Board's objective is to grow the Enlarged Group's business. Future income generated by the Enlarged Group in the first three years following Admission, will be re-invested to implement its growth strategy. In view of this and the adverse tax consequences arising out of the Company's potential dual tax status, it is very unlikely that the New Board will recommend a dividend in the early years following Admission.

However, the New Board intends that the Company will recommend or declare dividends at some future date once they consider it commercially prudent for the Company to do so, bearing in mind the financial position and resources required for its development.

Taxation

The Company has received provisional clearance from HMRC that the Enlarged Group will meet the investor company requirements for the Enterprise Investment Scheme ("EIS") and Venture Capital Trust ("VCT") legislation.

CREST

The Existing Ordinary Shares are eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the New Ordinary Shares may take place within the CREST system if the relevant shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

General Meeting

A General Meeting has been convened for 10.00 a.m. on 29 July 2010 at the offices of MJES, 51-55 Gresham Street, London EC2V 7HQ for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary resolutions to:

- (1) approve the Acquisition;
- (2) approve the Waiver;
- (3) authorise the Directors to allot relevant equity securities under Section 551 of the Act; and
- (4) approve the Capital Reorganisation.

Special resolutions to:

- (5) disapply statutory pre-emption rights;
- (6) change the name of the Company to Water Intelligence plc; and
- (7) adopt the Articles of Association to reflect certain provisions of the Act.

To be passed, Resolutions 1 to 4 require a majority of not less than 50 per cent. and Resolutions 5 to 7 will require a majority of not less than 75 per cent. of the Shareholders voting in person or by proxy in favour of each Resolution. In addition, in accordance with the requirements by the Panel, Resolution 2 shall be taken on a poll of Shareholders.

Irrevocable undertakings to approve the Proposals

The Independent Directors have irrevocably undertaken to the Company to vote in favour of the Resolutions to be proposed at the General Meeting, in respect of their aggregate beneficial holdings totalling 40,097,300 Existing Ordinary Shares, representing approximately 7.35 per cent. of the Existing Ordinary Shares.

Admission and dealings

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 30 July 2010.

Expected Timetable of Principal Events

	2010
Record date for the Open Offer	2 July
Announcement of ALD Acquisition and Open Offer	7 July
Posting of AIM Admission Document, Form of Proxy and, to Qualifying non-CREST Shareholders, the Non-CREST Application Forms	7 July
Basic Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8 July
Recommended latest time for requesting withdrawal of nil paid stock from CREST	4.30 p.m. on 22 July
Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 23 July
Latest time and date for splitting Non-CREST Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 26 July
Latest time and date for receipt of Forms of Proxy for General Meeting and receipt of electronic proxy appointments via the CREST system	10.00 a.m. on 27 July
Latest time and date for receipt of completed Non-CREST Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 28 July

Expected time and date of announcement of results of the Open Offer	7.00 a.m. on 29 July
General Meeting	10.00 a.m. on 29 July
Expected time of announcement of results of the General Meeting	By 4.30 p.m. on 29 July
Record date for the Capital Reorganisation	6.00 p.m. on 29 July
Admission of Enlarged Share Capital and commencement of dealings on AIM	8.00 a.m. on 30 July
Expected date for CREST accounts to be credited	30 July
Despatch of share certificates by no later than	6 August

Definitions

The following words and expressions shall have the following meanings in this announcement unless the context otherwise requires:

“A Deferred Shares”	the existing A deferred shares of 0.01p each in the capital of the Company
“Act”	the UK Companies Act 2006 (as amended)
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of ALDHC, further details of which are set out in the AIM Admission Document
“Acquisition Agreements”	the conditional agreements dated 7 July 2010 between (1) the Company; and (2) the Vendors, further details of which are set out in the AIM Admission Document
“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules
“ALD”	American Leak Detection, Inc., a company incorporated in California
“ALDHC”	American Leak Detection Holding Corp., a Delaware corporation and parent company of ALD
“ALDHC Debt”	the Rennick Notes and the Porter Note
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“AIM Admission Document”	the AIM admission document dated 7 July 2010 issued by the Company
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange

“Annual General Meeting”	the annual general meeting of the Company convened for 10.00 a.m. on 2 August 2010
“Articles” or “Articles of Association”	the articles of association of the Company to be adopted pursuant to Resolution 7 at the General Meeting, a summary of which is set out in paragraph 4 of Part VII in the AIM Admission Document
“B Deferred Shares”	the new deferred shares of 119p each arising from the Capital Reorganisation
“Bank Facility”	the bank facility from The Bank of Southern Connecticut, as described in paragraph 11.2.1 of Part VII of the AIM Admission Document
“Basic Entitlement”	an entitlement to apply to subscribe for 11 Open Offer Shares for every 4,500 Existing Ordinary Shares held on the Record Date pursuant to the Open Offer and so in proportion for any other number of Existing Ordinary Shares held
“Board” or “Directors”	the existing directors of the Company
“Business Days”	any day (excluding Saturdays, Sundays or public holidays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
“Buyer”	Qconnectis Acquisition Co., a wholly owned subsidiary of the Company incorporated in the State of Delaware
“BWGF”	Blue Water and Green Fields. Inc. a Delaware corporation owned as to 20 per cent. by ALD and 80 per cent. by Plain Sight
“Capital Reorganisation”	the proposed consolidation and sub-division of every 1,200 Existing Ordinary Shares into one New Ordinary Share and one B Deferred Share
“Capital Reorganisation Record Date”	6.00 p.m. on 29 July 2010 (or such later time and date as the Board (or duly authorised committee of the Board) may determine)
“Capita Registrars”	a trading name of Capita Registrars Limited
“City Code” or “Code”	the City Code on Takeovers and Mergers
“Company” or “Qconnectis”	Qconnectis plc, a public limited company registered in England and Wales under registered number 3923150
“Concert Party”	certain of the Vendors, as described on page 20 of Part I of the AIM Admission Document
“Consideration Shares”	up to 7,324,689 New Ordinary Shares to be issued to the Vendors and the Remaining ALDHC Shareholders as consideration for the Acquisition

“CREST”	the computer-based system established under the CREST Regulations which enables title to units of relevant securities (as defined in the CREST regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms)
“CREST member”	a person who has been admitted by CREST as a system-member (as defined in the CREST Manual)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor a CREST member admitted to CREST as a sponsored member
“Deferred Shares”	the existing deferred shares of 1p each in the capital of the Company
“DTR” or “Disclosure and Transparency Rules”	the Disclosure and Transparency Rules (in accordance with section 73A(3) of FSMA) being the rules published by the Financial Services Authority from time-to-time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made
“Enlarged Group”	the Company as enlarged by the Acquisition, to include ALDHC and its subsidiaries
“Enlarged Share Capital”	the ordinary share capital of the Company following Admission and the completion of the Acquisition and the Open Offer
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Basic Entitlements
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which is conditional, inter alia, on him taking up his Basic Entitlement in full and which may be subject to scaling back in accordance with the provisions of the AIM Admission Document

“Excess Open Offer Entitlement”	in respect of each Qualifying non-CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement pursuant to the Excess Application Facility, which is conditional, inter alia, on him taking up his Basic Entitlement in full and which may be subject to scaling back in accordance with the provisions of the AIM Admission Document
“Excess Shares”	the Open Offer Shares for which Qualifying Shareholders may apply in excess of their Basic Entitlement through the Excess Application Facility
“Excluded Overseas Shareholder(s)”	other than as agreed in writing by the Company, MJES and as permitted by applicable law, Shareholders who are located or have registered addresses in a Restricted Jurisdiction
“Excluded Territories”	the United States, Australia, Canada, Japan and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
“Existing Ordinary Shares”	the 545,296,103 Ordinary Shares in issue at the date of the AIM Admission Document
“Euroclear”	Euroclear UK & Ireland Limited, a company registered in England and Wales with registered number 2878738, the operator of CREST
“Form of Proxy”	the form of proxy sent to Shareholders for use by Shareholders in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000
“General Meeting”	the general meeting of the Company, to be held at the offices of MJES, 51-55 Gresham Street, London EC2V 7HQ on 29 July 2010 at 10.00 a.m. and any adjournment thereof to be held for the purpose of considering and, if thought fit, passing the Resolutions
“HMRC”	HM Revenue & Customs
“Independent Directors”	Harry Offer and Barbara Spurrier
“Irrevocable Undertakings”	the undertaking by each of the Independent Directors to vote in favour of the Resolutions
“Issue Price”	75p per Offer Share
“Loan Notes”	£295,000 principal of loan notes issued by the Company pursuant to an instrument dated 8 January 2010 and which are guaranteed by ALD
“London Stock Exchange”	London Stock Exchange plc

“Merger”	the short form merger under the law of the State of Delaware which may be entered into to acquire any stock in ALDHC held by the Remaining ALDHC Shareholders
“MJES”	Merchant John East Securities Limited, the Company's nominated adviser and broker
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007/2 157)
“New Board”	Patrick DeSouza, Stanford Berenbaum, Harry Offer, Ric Piper, Michael Reisman and Stephen Leeb
“New Ordinary Shares”	new ordinary shares of 1p each in the capital of the Company arising from the Capital Reorganisation
“Non-CREST Application Form”	the application form which accompanies the AIM Admission Document for use by Qualifying Non-CREST Shareholders relating to applications for Open Offer Shares (including in respect of Excess Shares under the Excess Application Facility)
“Notice”	the notice convening the General Meeting
“Open Offer”	the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out or referred to in Part III of the AIM Admission Document and, where relevant, in the Non-CREST Application Form
“Open Offer Shares”	up to 1,332,946 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer
“Options” or “Share Options”	options to subscribe for New Ordinary Shares under the Share Option Scheme
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Overseas Shareholders”	Shareholders who are located or resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Plain Sight”	Plain Sight Systems, Inc., a principal shareholder of ALDHC
“Porter Note”	a promissory note dated 18 December 2009 issued by BWGF in favour of Porter Capital Corporation in the amount of \$350,987 which is described at paragraph 11.4 of Part VII of the AIM Admission Document
“Proposals”	means (a) the Capital Reorganisation; (b) the Acquisition; (c) the Open Offer; (d) the Waiver; (e) the change of name of the Company; and (f) Admission

“Proposed Directors”	Ric Piper, Michael Reisman and Stephen Leeb, the proposed directors of the Company and whose appointments will become effective on Admission
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Company’s register of members at the Record Date (other than certain Overseas Shareholders)
“Receiving Agent”	Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Record Date”	close of business on 2 July 2010
“Remaining ALDHC Shareholders”	those shareholders of ALDHC whose stock may be acquired pursuant to the Merger
“Rennick Notes”	the two promissory notes delivered by ALDHC and Plain Sight to The Rennick Living Trust on 26 February 2006 in an aggregate amount of \$6.2 million which is described at paragraph 11.2.2 of Part VII of the AIM Admission Document
“Resolutions”	the resolutions set out in the Notice
“Restricted Jurisdiction(s)”	each of Australia, Canada, Japan, New Zealand, The Republic of South Africa, The Republic of Ireland and the United States
“Share Option Scheme”	the Company’s existing share option scheme, a summary of which is set out in paragraph 9 of Part VII of the AIM Admission Document
“Shareholders”	holder(s) of Existing Ordinary Shares, all of whom are deemed to be independent for the purposes of the Code
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes Part VI of FSMA
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on the Company’s register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

“Underwriting Agreement”	the conditional agreement dated 7 July 2010, between (1) the Company, (2) the Directors and the Proposed Directors, (3) Plain Sight and (4) MJES relating to the Open Offer, details of which are set out in paragraph 11.1.7 of Part VII of the AIM Admission Document
“US” OR “United States”	the United States of America
“USE instruction”	has the meaning given in the CREST Manual
“Vendors”	the Concert Party (whose details are set out in Part I of the AIM Admission Document) (other than James Carter and Pam Vigue) and such other shareholders of ALDHC who become parties to the Acquisition Agreements prior to Admission
“Waiver”	the waiver by the Panel of obligations under Rule 9 of the City Code as described in Part I of the AIM Admission document
“\$”	US dollars, the lawful currency of the United States