QONNECTIS PLC
(AIM: QTI)

SECOND INTERIM RESULTS TO 30 JUNE 2009

£395,000 Fundraising Completed, Directorate Change and Change of Accounting Reference Date

11 January 2010

Qonnectis plc ("the Company"), the data monitoring service provider for utilities and major commercial users of energy and water, announces its second interim results for the 6 month period to 30 June 2009.

Key Points for the period

- Sales for the 6 month period to 30 June 2009 of £32,245, making a total for the 12 month period to 30 June 2009 of £52,931 (12 months to 30 June 2008: £456,678)
- Operating loss for the 6 month period to 30 June 2009 of £285,193, making a total for the 12 month period to 30 June 2009 of £692,893 (12 months to 30 June 2008: loss £3,729,641)
- Resignation of Richard Taylor as Chairman on 31 March 2009 and Guy Chant as Non-Executive Director on 8 June 2009. Harry Offer appointed as Chairman on 31 March 2009
- Product development put on hold pending full review of the market.

Post period-end Highlights

- Fundraising of £395,000 through a combination of debt and equity completed in contemplation of a proposed reverse takeover by water and gas leak detection specialist, American Leak Detection, Inc. ("ALD")
- Negotiations at an advanced stage
- Appointment of Patrick DeSouza (Chairman of ALD) and Stanford Berenbaum (Chief Executive Officer of ALD) as Non-Executive Directors
- Accounting reference date changed to 31 December resulting in an 18 month accounting period ended 31 December 2009
- Merchant John East Securities Limited appointed as nominated adviser and broker

Dealings in the ordinary shares of the Company on AIM will remain suspended pending publication of an AIM admission document in respect of the proposed acquisition of American Leak Detection, Inc.

Harry Offer, Chairman, commented:

"After a difficult year, we are delighted to have secured sufficient funds for our immediate working capital requirements.

We are now working extremely hard to ensure that the proposed acquisition of American Leak Detection, Inc. is completed and we look forward to working with Patrick DeSouza and Stanford Berenbaum to build the business of the enlarged group."

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Chairman's Statement

The 12 months to 30 June 2009 presented significant challenges from both the market and from our internal organisation. We were sorry to lose the services of our former Chief Executive through ill health in late 2008. This, along with a depleted sales team, left the Company struggling to regain the impetus that we had seen in earlier years. As a result the Company had insufficient funds to finalise the development of new products or to increase the size of its sales force.

In January 2009, I, then representing a group of shareholders, was appointed to the Board first as a Non-Executive Director and then subsequently, at the end of March 2009, replaced Richard Taylor as Chairman. Guy Chant resigned as Non-Executive Director in June 2009, having stood in as interim Chief Executive between October 2008 and March 2009, and Barbara Spurrier was appointed to the role of interim Chief Executive in March 2009.

With the new team in place we began the difficult challenge of raising new finance against a falling order book and incomplete product development. Revenues from Leakfrog, which the Company developed with Thames Water, continued but did not increase sufficiently, leaving the Company's finances stretched. The Company generated revenues for the 6 month period to 30 June 2009 of £32,245, making a total for the 12 month period to 30 June 2009 of £52,931 (12 months to 30 June 2008: £456,678). This resulted in an operating loss for the 6 month period to 30 June 2009 of £285,193, making a total for the 12 month period to 30 June 2009 of £692,893 (12 months to 30 June 2008: loss £3,729,641). Trading in the Company's shares on AIM was suspended on 30 July 2009 pending clarification of the Company's financial position.

Proposed Acquisition

In evaluating potential options, it became clear that the Company would be best served by combining with another entity and has reached agreement, subject to contract and shareholder and regulatory approvals for the proposed acquisition of American Leak Detection, Inc. ("ALD"). The Board also identified and reached agreement with an experienced sales manager. The new team is enthusiastic about the future of the business and believe they have a viable plan and momentum to complete a successful fundraising and the proposed acquisition of ALD.

ALD is a US based operator and franchisor which provides accurate, non-invasive leak detection services including hidden water, sewer and gas leaks. Its business was established in 1974 and in addition to a number of corporate run locations, it has approximately 120 franchisees in the US and in six other countries including Belgium, Spain, Australia and Canada. ALD provides premium solutions for non-invasive water leak detection and repair for the residential, commercial and municipal markets using proprietary methods and technology. In the year ended 31 December 2008, ALD generated revenues of US$6.2 million of which US$3.9 million comprised royalty income from franchisees.

The Board considers that there are significant opportunities to sell the Qonnectis smart water metering products into the markets which ALD currently serves and, likewise, ALD will seek to offer its leak detection services to water companies in the UK and elsewhere, including to existing Qonnectis customers.

The Board is now at an advanced stage of discussions with the shareholders of ALD with respect to its acquisition by the Company. The consideration for the acquisition will be satisfied entirely by the issue of new ordinary shares in the capital of the Company and, if completed, will result in a relative shareholding ratio of 95:5 in favour of the shareholders of ALD, before taking into account the proceeds of the current fundraising and the proceeds of the Proposed Placing (as defined below). This transaction, if successful, will result in a reverse takeover under the AIM Rules and therefore be subject to shareholder approval. In addition, the enlarged group will aim to undertake a further, larger fundraising ("Proposed Placing") at the time of the reverse takeover to expand its UK operations, to maximise franchise and corporate-run opportunities in the US and to continue the development of Qonnectis' products with distribution through ALD channels.

Fundraising

In anticipation of the reverse takeover and in order to provide immediate working capital for the Company, Merchant John East Securities Limited, as agent to the Company, has raised £395,000 by the issue of £295,000 principal of guaranteed loan notes ("Loan Notes") and the issue of 100,000,000 ordinary shares of 0.1p each ("Ordinary Shares") at par. The Ordinary Shares have been subscribed by Bluehone Investors LLP ("Bluehone"), whose holding will represent 18.34 per cent. of the Company's issued capital following admission of the Ordinary Shares. A further 51,688,080 Ordinary Shares have been issued at the same price to certain creditors ("Creditors") of the Company in satisfaction of debts owed. The Company has agreed that if Completion (as defined below) occurs, Bluehone and the Creditors shall have the right to subscribe for such number of additional Ordinary Shares ("Placing Subscription Shares"), the number and price of which shall be calculated so as to result in the average price paid by them for their initial subscription shares and the Placing Subscription Shares, being at a discount of twenty five per cent. of the price at which Ordinary Shares are issued pursuant to the Proposed Placing. The Loan Notes attract an interest rate of 8 per cent. per annum and are repayable (together with accrued interest) upon completion of the proposed acquisition of ALD and admission of the enlarged group's shares to trading on AIM ("Completion"). Holders of Loan Notes have also been issued with warrants ("Warrants") to subscribe for Ordinary Shares at a 25 per cent. discount to the price at which Ordinary Shares will be issued under the Proposed Placing. Loan Note holders have agreed to apply the proceeds of the repayment of Loan Notes upon Completion to exercise the Warrants granted to them.

If Completion 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. Bluehone has also been granted the right but not an obligation to require ALD to purchase its Ordinary Shares at par should Completion not occur by 30 April 2010 ("Put Option").

In addition and again, if Completion does not occur by 30 April 2010, 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. and shall be redeemable at twice the principal amount (and unpaid interest). The Preferred Loan Notes shall be convertible, at ALD's option, 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.

It is expected that admission of the 151,688,080 new Ordinary Shares will become effective on 15 January 2010. Following admission, the Company will have 545,296,103 Ordinary Shares in issue. Trading in the Ordinary Shares on AIM will remain suspended pending publication of an AIM admission document in respect of the proposed acquisition.

Board changes
In conjunction with ALD guaranteeing repayment of the Loan Notes, Qonnectis is pleased to announce the appointment of Patrick DeSouza (Chairman of ALD) and Stanford Berenbaum (Chief Executive Officer of ALD) as Non-Executive Directors of the Company with immediate effect.

Change of accounting reference date
The Directors have resolved to change the Company's financial year end from 30 June to 31 December. Accordingly, the next accounts to be published will be for the 18 month accounting period ending 31 December 2009.

Outlook
After a difficult year, we are delighted to have secured sufficient funds for our immediate working capital requirements.

We are now working extremely hard to ensure that the proposed acquisition of American Leak Detection, Inc. is completed and we look forward to working with Patrick DeSouza and Stanford Berenbaum to build the business of the enlarged group. We hope that we can build a great team and that together we can utilise the opportunities, both commercial and technical, to fulfil our original objectives and those of our proposed new partner.

ALD's management is enthusiastic about building its business here in the UK and it appears that our preparatory work should prove helpful in enabling Qonnectis to be part of a much larger and more stable enterprise.

Harry Offer
Chairman

11 January 2010

Consolidated interim statement of comprehensive income for the period ended 30 June 2009

	Note	6 months to 30 June 2009 Unaudited £	12 months to 30 June 2009 Unaudited £	12 months to 30 June 2008 Audited £
Revenue		**32,245**	**52,931**	**456,678**
Cost of sales		(26,999)	(36,439)	(220,071)
Gross profit		**5,246**	**16,493**	**236,607**
Other income		57,373	57,373	49,514
Exceptional item – convertible loan funding costs		-	-	(250,000)
Impairment of goodwill		-	-	(2,920,379)
Administrative expenses		(347,812)	(766,759)	(845,383)
Operating loss		**(285,193)**	**(692,893)**	**(3,729,641)**
Finance income		6,599	8,943	6,241
Finance cost		(229)	(679)	(26,198)
Loss for the period before tax		**(278,823)**	**(684,629)**	**(3,749,598)**
LOSS FOR THE PERIOD		**(278,823)**	**(684,629)**	**(3,749,598)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(278,823)**	**(684,629)**	**(3,749,598)**
Loss per share (basic)	**2**	**(£0.0004)**	**(£0.0013)**	**(£0.0149)**

The Company has no other comprehensive income for the period.

The results reflected above relate to continuing operations.

The Company has no recognised gains or losses other than the results for the period as set out above.

Consolidated interim statement of financial position as at 30 June 2009

	30 June 2009 Unaudited £	30 June 2008 Audited £
ASSETS		
Non-current assets		
Goodwill	603,473	603,473
Property, plant and equipment	20,323	4,495
	623,796	**607,968**
Current assets		
Inventories	33,823	30,137
Trade and other receivables	59,882	93,327
Cash and cash equivalents	20,073	697,341
	113,778	**820,805**
TOTAL ASSETS	**737,574**	**1,428,773**
EQUITY AND LIABILITIES		
Equity attributable to holders of the parent		
Share capital	12,020,588	12,020,588
Share premium	1,600,717	1,600,717
Retained loss	(13,052,880)	(12,368,251)
	568,425	**1,253,054**
Current liabilities		
Trade and other payables	169,149	169,719
Borrowings	-	6,000
	169,149	**175,719**
TOTAL EQUITY AND LIABILITIES	**737,574**	**1,428,773**

The group did not have any non-current liabilities as at the 30 June 2009.

Consolidated interim statement of changes in equity as at 30 June 2009

	Share Capital £	Share Premium £	Retained Loss £	Total £
Balance as at 1 July 2007	**10,270,588**	**1,675,050**	**(8,618,653)**	**3,326,985**
Issue of share capital	1,750,000	-	-	1,750,000
Costs of raising equity	-	(74,333)	-	(74,333)
Total comprehensive loss for the period	-	-	(3,749,598)	(3,749,598)
Balance as at 30 June 2008	**12,020,588**	**1,600,717**	**(12,368,251)**	**1,253,054**
Total comprehensive loss for the period	-	-	(684,629)	(684,630)
Balance as at 30 June 2009	**12,020,588**	**1,600,717**	**(13,052,880)**	**568,424**

Consolidated interim statement of cash flows for the period to 30 June 2009

	6 months to 30 June 2009 Unaudited	12 months to 30 June 2009 Unaudited	12 months to 30 June 2008 Audited
	£	£	£
Cash flows from operating activities			
Loss from operations	(285,193)	(692,893)	(3,729,641)
Adjustments for:			
Depreciation	4,060	6,697	4,352
Impairment losses	-	-	2,920,379
Funding costs	-	-	250,000
Operating loss before working capital changes	**(281,133)**	**(686,196)**	**(554,910)**
Decrease/(Increase) in inventories	22,445	(3,686)	(18,230)
(Increase)/Decrease in trade receivables	(5,058)	33,445	1,458
Decrease in trade payables	(20,127)	(570)	(144,568)
Net cash used in operating activities	**(283,873)**	**(657,007)**	**(716,250)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(6,956)	(22,526)	(165)
Interest received	6,599	8,943	6,241
Interest paid	(229)	(679)	(26,198)
Net cash used in investing activities	**(586)**	**(14,262)**	**(20,122)**
Cash flows from financing activities			
Proceeds from issue of share capital	-	-	1,675,667
Exceptional item – convertible loan funding costs	-	-	(250,000)
Repayment of borrowings	-	(6,000)	(36,000)
Net cash (used in)/generated from financing activities	**-**	**(6,000)**	**1,389,667**
Net (decrease)/increase in cash and cash equivalents	**(284,459)**	**(677,269)**	**653,295**
Cash and cash equivalents at the beginning of period	**304,532**	**697,341**	**44,046**
Cash and cash equivalents at end of period	**20,073**	**20,073**	**697,341**

Notes to the unaudited interim financial information for the period to 30 June 2009

1 Basis of preparation

The interim consolidated financial statements of Qonnectis plc have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS). The interim financial information has also been prepared in accordance with IFRSs adopted by the European Union and therefore this interim financial information complies with Article 4 of the EU IAS Regulation. The interim financial information has been prepared using the accounting policies which will be applied in the group's statutory financial statements for the 18 month accounting period ended 31 December 2009.

The consolidated interim financial information for the 12 months ended 30 June 2009 has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The condensed interim financial information for the 6 month period and the 12 month period to 30 June 2009 are unaudited. In the opinion of the directors, the condensed interim financial information for the periods present fairly the financial position and results from operations and cash flows for the period are in conformity with generally accepted accounting principles consistently applied. The accounts incorporate comparative figures for the audited financial period to 30 June 2008.

The financial information contained in these interim results is unaudited and does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 2006. This interim financial information does not include all of the disclosures required in full financial statements, and should be read in conjunction with the consolidated financial statements for the group for the period ended 30 June 2008. The financial statements for the period ended 30 June 2008 which were presented under IFRS have been delivered to the Registrar of Companies. The report of the auditors on those financial statements provided an emphasis of matter paragraph on their opinion relating to going concern and was not qualified and did not contain a statement under section 498 (2)-(3) of the Companies Act 2006.

2 Loss per share

	Six month period to 30 June 2009	12 month period to 30 June 2009	12 month period to 30 June 2008
		£	£
Basic loss per share			
Net loss for the period	(£278,823)	(£684,629)	(£3,749,598)
Weighted average number of ordinary shares	688,814,040	538,110,694	251,073,776
Loss per share	**(£0.0004)**	**(£0.0013)**	**(£0.0149)**

IAS 33 requires presentation of the diluted loss per share amount when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For the group an issue of shares would decrease the net loss per share, therefore the requirements of IAS 33 are not met and accordingly no diluted loss per share is presented in these financial statements.

3. Dividends

The Directors do not recommend the payment of a dividend in respect of the six month period ended 30 June 2009.

4. Availability of this announcement

Copies of this announcement will be available from the Company's website www.qonnectis.com