27 June 2012

Water Intelligence plc (AIM: WATR.L)
("Water Intelligence", the "Group" or the "Company")

Preliminary Results for the year ended 31 December 2011

Water Intelligence is a leading provider of water monitoring products and leak detection and remediation services.

Highlights

- **Revenue Growth 12% to $6.36m; Growth in all business segments**
- **Operating profit of $98,727 (2010 loss $567,298)**
- **Profit before tax and one off costs of $24,305 (2010 loss $187,275 before reverse acquisition costs)**
- **Positive operating cash flow of $653,231 (2010 negative $315,010)**
- **Positive start to 2012**

Patrick DeSouza, Executive Chairman of Water Intelligence, comments:

"Everything, from market demand trends to financial and operating performance to new product development, headed in the right direction during 2011 to produce sustainable growth in underlying shareholder value. We have achieved a positive start for 2012 that reinforces performance results in our core business including, because of acute demand for water management solutions, an extended sales life cycle for our Leakfrog product. Commercialization for our new products will begin during the second half which will add further scale to our existing profitable and growing base. We have made operating changes where necessary and will continue to do so to maintain performance. As we execute on all cylinders, we plan for new channel partners and increased communications regarding achievements on both sides of the Atlantic as we build the Group."

Water Intelligence plc *(www.waterintelligence.co.uk)*
Patrick DeSouza, Executive Chairman — Tel: +1 203 654 5426

Merchant Securities Limited
David Worlidge — Tel: +44 20 7628 2200

Chairman's Statement

Overview

2011 was the first full year of operations for Water Intelligence plc (WI) after the reverse acquisition in July 2010 by American Leak Detection Holding Corp (ALDHC). The object of the acquisition was to create a market leader within a growing and increasingly salient global water infrastructure market. We are executing our corporate strategy to provide integrated water management solutions for utilities and commercial and residential customers. The Group's smart metering products offered by Qonnectis Networks Limited (QN) alert customers to leaks and complement non-invasive water leak detection and remediation services provided by American Leak Detection Inc (ALD). Our operating priority has been to ensure strong, sustainable and balanced growth and then scale rapidly with the introduction of new products to the existing customer base. The full year results for 2011 show we are moving in the right direction on our key performance indicators to meet this operating priority. Moreover, the first quarter of 2012 has further reinforced 2011 improvements as noted by our recent trading update and new *Leakfrog* sale to Thames Water announced on 17 May 2012. We seek to commercialize our next generation products during the second half of 2012.

The year to 31 December 2011 saw revenue growth of 12% over 2010. The operating performance of the Company steadily improved with a return to positive operating profits of $98,727 for the year to 31 December 2011 (2010 loss $567,298). Finance costs meant that losses before tax were still incurred of $197,043 but this was a dramatic improvement over 2010 (Loss of $870,826). Moreover, adjusted for one-off costs of $221,348, the severance costs of the former Chief Executive Officer, the Company returned to break-even heading into 2012, which as noted above, produced first quarter results reinforcing the positive direction.

The Company also returned to positive operating cash flows for the year at $653,231 (2010: ($315,010). The interest and loan repayments meant that total cash resources reduced by $276,314 for the year. Our balance sheet position improved as net debt was also reduced by approximately $400,000.

Continued Market Demand for Leakage Solutions.

The worldwide market demand for our water saving products and services continues to develop and grow; the current water shortage in certain parts of the UK has highlighted the need for cost effective solutions such as ours. The £250,000 Leakfrog order from Thames in May 2012 is an indication of an extended sales life cycle to bridge current demand before the deployment of next generation solutions. The development of our Domestic Reporter and Commercial Reporter products, announced in 2011, has progressed with testing accelerating on Domestic Reporter due to customer needs. We have some exciting market opportunities in sight for both products. The same market trends exist in the US, which is the Company's most developed market, and in Australia, our fastest growing international franchisee market. During 2011 all regions of the US experienced sales growth at the same time and this has continued into the current year.

Public recognition of the importance of saving water is only growing providing pressure on governments to make the necessary spend on products and services such as ours. The UK's OFWAT (water regulatory agency) indicated that as late as 2009-2010, the water companies in England and Wales lost approximately 3.3 billion litres per day from leakage (Source: BBC News Magazine, 4 April 2012 "Eight Radical Solutions for the Water Shortage"). In the U.S. and Canada, it has been reported that approximately 15% of daily drinking water is lost to leakage; and in China and India, loss of drinking water from leaky pipes may reach up to 40% (Source: National Bank Financial, What the Looming Global Water Crisis Means for Investors August 2011). We are well-positioned to provide solutions, especially with our product and services mix for the residential market.

UK Product Market. In developing our Domestic Reporter and Commercial Reporter products, we have chosen to work with potential customers in designing and refining the functionality of our products. Hence testing has taken longer than expected but we are hoping to be more responsive to the requirements of big customers. Domestic Reporter is a wireless product to allow households to monitor water usage, usage over the previous day, week or month and the projected cost of their annual water bill based on the usage at the time, as well as, alerting the homeowner to leaks. Our development partners have 10.4 million customers combined which, together with other water utility companies, offers a huge market opportunity for an easy to use product designed to help reduce water consumption and to address the continuing problem of water leakage. We anticipate commercialization of Domestic Reporter to commence in the second half of the 2012. Meanwhile, our Commercial Reporter is a low cost data logger and automatic meter reading unit that allows corporate water users to closely monitor water usage and can be used by water utilities to intensively monitor usage in a specific geographic area and offer their customers managed services. We are working with channel partners on a go-to-market plan and making adjustments to functionality to respond to market demand.

U.S. Services Market. All regions of the US experienced sales growth. Royalty income grew by 6.6% to $4,131,459 and we are pleased to see this trend is continuing into 2012. During March 2012, the US Environmental Protection Agency (EPA) celebrated its fourth annual "Fix a Leak Week" and called attention to the importance of fixing residential leaks. The EPA estimated that approximately 1 trillion gallons of water is lost annually from residential leaks or an amount equal to the annual water use in Los Angeles, Chicago and Miami combined. Moreover, the EPA has pointed out that 10% of the homes in the US waste approximately 90 gallons of water per day due to leakage and that homeowners could save 10% on their water bills by fixing leaks. As macroeconomic conditions continue to improve in the United States, more homeowners are calling ALD to help save water. Our nationwide footprint of franchise operations in 42 states of the US makes us a market leader in a fragmented market for solution providers and we are working towards achieving national accounts for the enhanced deployment of our leak detection services. We are currently working with a channel partner to extend our leak detection services in a greater way to the municipal market.

Financial Results and Operating Priorities

As noted above, we are headed in the right direction with improved operating performance. Strong, sustainable and balanced growth is our priority. Revenues increased 12% to $6,358,272 in 2011 as compared to $5,698,024 in 2010. Moreover, the Group returned to operating profits and, as noted, excluding the one-time costs, it reached breakeven with respect to profit before tax. This result was a big change from 2010. Our key performance indicators – franchise royalties, corporate stores, and net debt – all improved over 2010. Franchise royalties increased 6.6% to $4,131,459 which represented 65% of total revenues. It is pleasing that the other areas of the business also increased resulting in overall franchise income representing a decrease in the proportion of total revenues when compared to 2010. Hence, while, our core franchise business is growing, we are also becoming more diversified with growth in product and equipment sales. We see these segmental trends towards robust diversified sources of revenue continuing especially in light of Thames's recent purchase of £250,000 of Leakfrogs, and the anticipated introduction of our next generation Reporter products.

Outlook

We have a big opportunity ahead of us and a return to profitability was a prerequisite. Hence, while we might have proceeded faster with our product development, we feel that we took measured steps with our potential customers to manage working capital properly. In this light, 2011 was a good start with a return to operating profits and the positioning of the Company for scalable growth through the development of new smart metering products that will augment our services business. We are pushing ahead with our operating priorities to build sustainable shareholder value. We are experiencing in our core US based business continued growth in 2012 adding momentum to the progress made in 2011. Now that the development phase of our UK products is complete and we plan to begin commercialization, we will reinforce our ALD base for the future with the right investments during the second half of 2012.

Given market demand for water solutions, we are well-positioned relative to other companies in sectors that are more susceptible to choppy macroeconomic conditions and companies in our own sector that do not have our suite of product offerings and existing services footprint. With board, management and franchisees aligned, we look forward to sustainable, long-term growth.

Dr. Patrick DeSouza
Executive Chairman

27 June 2012

Consolidated Statement of Comprehensive Income for the year ended 31 December 2011

	Notes	Year ended 31 December 2011 $	Year ended 31 December 2010 $
Revenue	3	6,358,272	5,698,024
Cost of sales		(498,704)	(355,342)
Gross profit		5,859,568	5,342,682
Administrative expenses			
- Share-based payments		(36,643)	(20,399)
- Impairment of goodwill		(75,000)	-
- Reverse acquisition costs		-	(681,893)
- Amortisation of intangibles		(264,062)	(322,395)
- Other administrative costs		(5,385,136)	(4,885,293)
Total administrative expenses		(5,760,841)	(5,909,980)
Operating profit/(loss)		98,727	(567,298)
Finance income		22,808	19,103
Finance expense		(318,578)	(322,631)
Loss before tax		(197,043)	(870,826)
Taxation (expense)/credit	4	(264,145)	1,658
Loss for the year		**(461,188)**	**(869,168)**
Other Comprehensive Income			
Exchange differences arising on translation of foreign operations		34,031	(18,833)
Total comprehensive loss for the year		**(427,157)**	**(888,001)**
Loss per share		**Cents**	**Cents**
Basic	5	(4.5)	(21.9)
Diluted	5	(4.5)	(21.9)

The results reflected above relate to continuing activities. The loss for the current and prior year and the total comprehensive loss for the current and prior year are wholly attributable to equity holders of the Parent Company, Water Intelligence plc.

Consolidated Statement of Financial Position as at 31 December 2011

	Notes	2011	2010
		$	$
ASSETS			
Non-current assets			
Goodwill	6	2,294,940	2,369,940
Other intangible assets		3,709,060	3,973,122
Property, plant and equipment		35,692	76,729
Deferred tax asset		55,218	279,388
Trade and other receivables		44,839	52,439
		6,139,749	6,751,618
Current assets			
Inventories		91,270	242,049
Trade and other receivables	7	779,840	825,487
Corporation tax		62,724	35,335
Cash and cash equivalents		364,099	606,382
		1,297,933	1,709,253
TOTAL ASSETS		7,437,682	8,460,871
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital		12,716,863	12,716,863
Share premium		4,203,812	4,203,812
Capital redemption reserve		6,517,644	6,517,644
Merger reserve		8,501,150	8,501,150
Other reserves		69,925	601
Reverse acquisition reserve		(27,758,088)	(27,758,088)
Retained loss		(1,167,365)	(706,177)
		3,083,941	3,475,805
Non-current liabilities			
Borrowings	8	2,582,964	3,086,408
Promissory notes	8	-	85,222
Provision for onerous contracts		72,359	193,218
		2,655,323	3,364,848
Current liabilities			
Trade and other payables	9	970,984	884,264
Borrowings	8	600,521	632,439
Promissory notes	8	7,272	16,880
Provision for onerous contracts		119,641	86,635
		1,698,418	1,620,218
TOTAL EQUITY AND LIABILITIES		7,437,682	8,460,871

Consolidated statement of changes in equity for the year ended 31 December 2011

	Share Capital	Share Premium	Capital Redemption Reserve	Reverse Acquisition Reserve	Merger Reserve	Other Reserves	Retained Profit/ (Loss)	Total Equity
	$	$	$	$	$	$	$	$
As at 1 January 2010	**84**	**1,924,895**	-	-	-	-	**162,991**	**2,087,970**
Parent Company equity reflected on reverse acquisition	18,853,090	2,510,565	-	-	-	-	-	21,363,655
Issue of shares	237,908	-	-	-	-	-	-	237,908
Issue of consideration shares	114,880	-	-	(27,758,088)	8,501,150	-	-	(19,142,058)
Reverse acquisition adjustment	(84)	(1,924,895)	-	-	-	-	-	(1,924,979)
Issue of open offer shares	3,525	260,857	-	-	-	-	-	264,382
Issue of shares to advisers and creditors	1,289	95,337	-	-	-	-	-	96,626
Issue of re sub-underwriting shares	13,748	1,017,341	-	-	-	-	-	1,031,089
Conversion of loan notes	10,067	583,972	-	-	-	-	-	594,039
Cost of raising equity	-	(264,260)	-	-	-	-	-	(264,260)
Cancellation deferred shares	(6,517,644)	-	6,517,644	-	-	-	-	-
Share based payment expense	-	-	-	-	-	19,434	-	19,434
Total comprehensive loss	-	-	-	-	-	(18,833)	(869,168)	(888,001)
As at 1 January 2011	**12,716,863**	**4,203,812**	**6,517,644**	**(27,758,088)**	**8,501,150**	**601**	**(706,177)**	**3,475,805**
Share based payment expense	-	-	-	-	-	36,643	-	36,643
Foreign exchange						(1,350)		(1,350)
Total comprehensive loss	-	-	-	-	-	34,031	(461,188)	(427,157)
As at 31 December 2011	**12,716,863**	**4,203,812**	**6,517,644**	**(27,758,088)**	**8,501,150**	**69,925**	**(1,167,365)**	**3,083,941**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption	Non-distributable reserve in relation to cancellation of deferred shares
Retained profit/(losses)	Cumulative net losses recognised in the Financial Statements
Reverse acquisition	Non-distributable amount arising on the reverse acquisition.
Other reserves	Amounts recognised for the fair value of share options granted in accordance with IFRS 2 and exchange differences on translating foreign operations.
Merger reserve	Non-distributable reserve arising on reverse acquisition

Consolidated statement of cash flows for the year ended 31 December 2011

	Notes	Year ended 31 December 2011 $	Year ended 31 December 2010 $
Net cash generated from/(used in) operating activities		**653,231**	**(315,010)**
Cash flows from investing activities			
Interest received		22,808	19,103
Interest paid		(318,578)	(322,631)
Purchase of plant and equipment		(3,883)	(7,124)
Sale of fixed assets		300	801
Trade notes issued		-	105,993
Net cash used in investing activities		**(299,353)**	**(203,858)**
Cash flows from financing activities			
Proceeds from borrowings		-	4,000,000
Principal payments on long term debt and promissory notes		(630,192)	(4,776,392)
Repayment of obligations under finance leases		-	(16,617)
Proceeds from issue of shares		-	1,295,471
Fees associated with share issue capitalised		-	(264,260)
Proceeds from issue of convertible loan notes		-	452,883
Net cash (used in)/from financing activities		**(630,192)**	**691,085**
Net (decrease)/increase in cash and cash equivalents		**(276,314)**	**172,217**
Cash and cash equivalents at the beginning of year		**606,382**	**369,650**
Cash acquired on Reverse acquisition		-	83,348
Effect of foreign exchange rate changes		34,031	(18,833)
Cash and cash equivalents at end of year		**364,099**	**606,382**

1. General information

The Group is a leading provider of water monitoring products, leak detection equipment and remediation services. The Group's strategy is to focus on providing a critical mass of water management products and services and to be a "one-stop" shop for leak alerts, precision, non-invasive leak detection and remediation.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 03923150 in England and Wales. The Company's registered office is Hexagon Business Centre, Hexagon House, Station Lane, Witney, Oxfordshire OX28 4BN.

The Company is listed on AIM of the London Stock Exchange. These Financial Statements were authorised for issue by the Board of Directors on 27 June 2012.

2. Significant accounting policies

Basis of preparation

These Financial Statements of the Group and Company are prepared on a going concern basis, under the historical cost convention (with the exception of share based payments and goodwill) and in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in accordance with the Companies Act 2006. The Parent Company's Financial Statements have also been prepared in accordance with IFRS and the Companies Act 2006.

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Financial Statements are presented in US Dollars ($), rounded to the nearest dollar.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Directors' Report and the Chairman's Statement.

The Directors have prepared a business plan and cash flow forecast for the period to 30 June 2013. The forecast contains certain assumptions about the level of future sales and the level of gross margins achievable. These assumptions are the Directors' best estimate of the future development of the business. The Directors acknowledge that the Group in the near-term trading is reliant on cash generation from its US-based royalty income. The achievement of a successful product development and subsequent sales initiative will require additional working capital finance to be put in place. The Directors believe that the funding will be able to be made available on a case by case basis such that the group will have adequate cash resources.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate the accounts of Water Intelligence plc and all of its subsidiary undertakings made up to 31 December 2011. The Consolidated Statement of Comprehensive Income includes the results of all subsidiary undertakings for the period from the date on which control passes. Control is achieved where the Company (or one of its subsidiary undertakings) obtains the power to govern the financial and operating policies of an investee entity so as to derive benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

The prior year acquisition of ALDHC was, under IFRS3, accounted for as a reverse acquisition. The assets and liabilities revalued at their fair value on acquisition therefore related to the Company. A reverse acquisition reserve was created to enable the presentation of a consolidated statement of financial position which combines the equity structure of the legal parent with the reserves of the legal subsidiary

Inter-company transactions and balances and unrealised gains or losses on transactions between group companies are eliminated in full.

3. Revenues

In the opinion of the Directors, the operations of the Group currently comprise four operating segments, being the franchises, corporate owned stores, other activities including product and equipment sales and head office costs.

The Group mainly operates in the US, with operations in the UK and certain other countries. In 2011 96% (2010 94%) of its revenue came from the US based operations, the remaining 4% (2010 6%) of its revenue came from either UK or overseas based operations.

No single customer accounts for more than 10% of the Group's total external revenue.

Segment information
Information reported to the Group's Chief Operating Decision Maker (being the Executive Chairman), for the purpose of resource allocation and assessment of division performance is separated into four segments:

- Franchisor royalties revenue less US head office costs
- Corporate-operated stores revenues less direct stores costs
- Other activities including product and equipment sales
- Unallocated head office costs.

The following is an analysis of the Group's revenues and results from operations and assets by business segment:

Revenue	**Year ended 31 December 2011**	**Year ended 31 December 2010**
	$	**$**
Royalties from franchisees	4,131,459	3,876,047
Corporate-operated Stores	1,367,645	1,361,324
Other activities	859,168	460,653
Total	**6,358,272**	**5,698,024**

Loss before tax	**Year ended 31 December 2011**	**Year ended 31 December 2010**
	$	**$**
Royalties from franchisees	883,051	585,242
Corporate-operated Stores	(105,164)	(139,679)
Other activities	(243,785)	(342,999)
Unallocated head office costs	(731,145)	(973,390)

Total	**(197,043)**	**(870,826)**

Assets	**Year ended 31 December 2011 $**	**Year ended 31 December 2010 $**
Royalties from franchisees	5,157,602	5,315,158
Corporate-operated Stores	300,424	431,631
Other activities	1,979,656	2,714,082
Total	**7,437,682**	**8,460,871**

For the purpose of monitoring segmental performance, no liabilities are reported to the Group's Chief Operating Decision Maker.

Geographic information

Total revenue

Total revenue from activities by geographical area is detailed below:

Revenue by geography	**Year ended 31 December 2011 $**	**Year ended 31 December 2010 $**
US	5,856,369	5,367,232
International	501,903	330,792
Total	**6,358,272**	**5,698,024**

Revenue from franchisor activities by geographical area is detailed below.

Royalties from franchisees

	Year ended 31 December 2011 $	**Year ended 31 December 2010 $**
US	3,882,459	3,638,047
International	249,000	238,000
Total	**4,131,459**	**3,876,047**

4. Taxation

	Year ended 31 December 2011 $	**Year ended 31 December 2010 $**
Current tax:		
Current tax on profits/(losses) in the year	39,975	(35,335)
Total current tax	39,975	(35,335)
Deferred tax	224,170	33,677
Income tax expense/(credit)	264,145	(1,658)

The tax on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Loss before tax on ordinary activities	(197,043)	(870,826)
Tax calculated at domestic rate applicable profits in respective countries	4,228	(463,601)
Tax effects of:		
Non deductible expenses	111,837	160,496
State taxes net of federal benefit	44,931	1,000
Depreciation (less than)/in excess of capital allowances	(152,465)	1,199
Addition/(deduction) for research and development	2,339	(30,515)
Tax losses unrelieved	195,624	329,763
Prior year adjustments	57,651	-
Taxation expense/(credit) recognised in income statement	264,145	(1,658)

The Group is subject to income taxes in two jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5. Loss per share

The earnings per share has been calculated using the loss for the year and the weighted average number of ordinary shares outstanding during the year, as follows:

Basic	**Year ended 31 December 2011**	**Year ended 31 December 2010**
Loss attributable to shareholders of the Company ($)	(427,158)	(869,168)
Weighted average number of ordinary shares	9,604,417	3,962,211
Loss per share (cents)	**(4.5)**	**(21.9)**
Diluted loss per share (cents)	**(4.5)**	**(21.9)**

The diluted loss per share is the same as the basic loss per share as the conversion of share options decreases the basis loss per share, thus being anti-dilutive.

6. Goodwill

	Goodwill $	**Owned and Operated stores $**	**Franchisor activities $**	**Totals $**
Cost				
At 1 January 2010	-	239,500	636,711	876,211
Additions	1,493,729	-	-	1,493,729
At 31 December 2010	**1,493,729**	**239,500**	**636,711**	**2,369,940**
Additions	-	-	-	-
At 31 December 2011	**1,493,729**	**239,500**	**636,711**	**2,369,940**

Impairment				
At 1 January 2010	-	-	-	-
Impairment in year	-	-	-	-
At 31 December 2010	**-**	**-**	**-**	**-**
Impairment in year	-	75,000	-	75,000
At 31 December 2011	**-**	**75,000**	**-**	**75,000**
Carrying amount				
At 31 December 2010	**1,493,729**	**239,500**	**636,711**	**2,369,940**
At 31 December 2011	**1,493,729**	**164,500**	**636,711**	**2,294,940**

An impairment review is undertaken annually or whenever changes in circumstances or events indicate that the carrying amount may not be recovered. For the purpose of impairment testing, goodwill is allocated to each of the cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not recovered in a subsequent period.

Calculation of each cash generating unit's recoverable amount requires the use of estimates, with regards to forecast cash flows and discount rates. An impairment charge was recognised in the year to 31 December 2011 of $75,000 (2010: $nil) as the recoverable amount of one of the cash generating units did not exceed its carrying amount. No impairment is recognised for the remaining cash generating units and had the estimated cost of capital used in determining the discount rate used in these calculations been 10% higher than management's estimates, the Group would still not have incurred any impairment.

7. Trade and other receivables

Non-current

	31 December 2011 $	31 December 2010 $
Trade notes receivable	**44,839**	**52,439**

All non-current receivables are due within five years from the end of the reporting period.

Current	**31 December 2011** **$**	**31 December 2010** **$**
Trade receivables	165,127	163,684
Prepayments	104,192	89,067
Due from Group undertakings	-	-
Accrued royalties receivable	305,282	303,826
Loans receivable	-	80,119
Trade notes receivable	44,896	27,680
Other receivables		
Due from related party	138,806	145,805
VAT debtor	21,537	15,306
Current portion	**779,840**	**825,487**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The average credit period taken on sales is 39 days (2010: 26 days).

As at the 31 December 2011, trade receivables of $19,327 (2010: $12,800) were past due but not impaired. These relate to a number of customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

Ageing of past due but not impaired receivables

	Year ended 31 December 2011 $	Year ended 31 December 2010 $
60-90 days	8,343	7,563
90+ days	10,984	5,237
	19,327	**12,800**
Average age (days)	141	112

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Year ended 31 December 2011 $	Year ended 31 December 2010 $
US Dollar	695,097	637,166
UK Pound	84,743	188,321
	779,840	**825,487**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

8. Borrowings

Bank Loan

On 16 July 2010 ALDHC drew down a six-year term loan at an initial rate of 8% per annum of US$4.0 million from the Bank of Southern Connecticut.

The Bank Loan is repayable in full on or before 16 July 2016 with monthly repayments of principal and interest at 8% per annum until the principal balance is reduced to US$2.0 million when the interest rate becomes 2% above "Wall Street Journal Prime" adjusted annually. At that point, the Group has the option of pre-payment without penalty.

The Bank Loan is secured by substantially all of the assets of ALDHC and its principal operating subsidiary ALD and guaranteed by PSS plus one significant shareholder, being the Executive Chairman.

Promissory Notes

In addition to the Bank Loan, there is a Promissory Note in place at 31 December 2011 to finance the acquisition of trade assets. The Promissory was repaid in full on 29 March 2012.

	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2011	Year ended 31 December 2010
	Current		Non-current	
Financial Instruments	**$**	**$**	**$**	**$**
Borrowings	600,521	632,439	2,582,964	3,086,408
Promissory notes	7,272	16,880	-	85,222

Total current liabilities	**607,793**	**649,319**	**2,582,964**	**3,171,630**

9. Trade and other payables

	31 December 2011	31 December 2010
	$	$
Trade payables	461,342	194,157
Other payables	4,074	4,638
Accruals	468,787	447,790
Due to Group undertakings	-	-
Deferred Income	36,781	237,679
	970,984	**884,264**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are payable within 3 months. The average credit period taken for trade purchases is 41 days (2010: 30 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

10. Status of financial information

The financial information set out above does not comprise the Company's statutory accounts for the periods ended 31 December 2011 or 31 December 2010. Statutory accounts for 31 December 2010 have been delivered to the Registrar of Companies and those for 31 December 2011 will be delivered in due course. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis of matter without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006 in respect of the accounts for 2011 or for 2010.

11. Publication of announcement and the report and accounts

A copy of this announcement will be available at the Company's registered office (Hexagon Business Centre, Hexagon House, Station Lane, Witney, Oxfordshire OX28 4BN) 14 days from the date of this announcement and on its website – www.waterintelligence.co.uk.

This announcement is not being sent to shareholders. The Annual Report will be posted to shareholders in the near future and will be made available on the website.