

Regulatory Story

[Go to market news section](#)



Company	Water Intelligence
TIDM	WATR
Headline	Admission to trading on AIM - First Day of Dealing
Released	07:00 30-Jul-2010
Number	2078Q07

RNS Number : 2078Q
Water Intelligence PLC
30 July 2010

**AIM:
WATR
30 July 2010**

Water Intelligence plc (formerly Qconnectis plc)

("Water Intelligence" or the "Company")

Admission to trading on AIM - First Day of Dealings

Water Intelligence, a leading provider of leak detection and other water related services, is pleased to announce the admission of its share capital to trading on the AIM market of the London Stock Exchange and the first day of dealings in its ordinary shares under ticker symbol "WATR" at 8.00 am today ("Admission"), following the completion of the reverse takeover announced on 7 July 2010 and an open offer to raise £0.8 million (before expenses). Qconnectis plc ("Qconnectis") has now been renamed Water Intelligence plc.

At Admission, the Company will have 8,987,053 ordinary shares admitted to trading on AIM, equating to a market capitalisation of £6.75 million based on the issue price of 75 pence per share.

Merchant Securities Limited is the nominated adviser and broker to the Company.

Highlights

- Acquisition of 91.57 per cent. of the issued capital of American

Leak Detection Holding Corp. ("ALDHC"), which owns the entire issued share capital of American Leak Detection Inc. ("ALD")

- £0.8 million (before expenses) raised under Open Offer
- Water Intelligence will focus on the accurate, non-destructive detection of all types of leaks including hidden water and sewer leaks, together with repair and other related services, including expanding the sales channel for existing Qconnectis products
- The Company will continue to trade through the established ALD brand, which operates through 114 franchises operating multi service vehicles established in the US and a further 15 franchises outside the US (2009 total revenue c.\$5.5 million)
- Net proceeds of Open Offer will be used to establish UK operation, maximise ALD's franchise and corporate run opportunities and drive product innovation
- Significant opportunity to use ALD's established consumer base to grow the products and services to be offered by the Enlarged Group
- Strong management team in place with Directors confident of future prospects

Commenting on Admission, **Patrick DeSouza**, Executive Chairman of **Water Intelligence**, said:

"We are delighted to have completed this transaction which will provide ALD with a platform to grow its already established core business and provide the Enlarged Group with an opportunity to address significant opportunities in the key water management sector. The integration of products and services across the group should deliver improved service levels and new opportunities across our customer base which will drive Water Intelligence's growth.

"I would like to thank those Qconnectis shareholders who supported the Open Offer and welcome our new investors. We have a strong Board and management team and are working hard on the early achievement of milestones that we have set for ourselves. We look forward to taking the Company to its next stage of development and extending our market share."

Copies of the Admission Document are available on the Company's new website (www.waterintelligence.co.uk) or from the offices of Merchant Securities Limited at 51-55 Gresham Street, London EC2V 7HQ.

FURTHER ENQUIRIES:

Water Intelligence plc

Patrick DeSouza, Executive Chairman

Tel: +1 203 654 5426

Stanford Berenbaum, Chief Executive Officer

Tel: +1 760 969 6830

Merchant Securities Limited

Bidhi Bhoma/David Worlidge

Tel: +44 20 7628 2200

Defined terms used in this announcement, unless expressly stated otherwise, shall have the same meaning as in the Admission Document.

Background

On 7 July 2010, the Company announced that its wholly owned subsidiary, Qconnectis Acquisition Co., had 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. Now 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 has been renamed Water Intelligence plc. ALD will continue to operate in its current territories under its existing brand. In addition, the Company also announced that it intended 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 in the Admission Document.

Information on ALD

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. In 2009, ALD and its franchises had in excess of \$50 million of franchise system-wide sales. It is a US brand leader in the leak detection market.

Capital Reorganisation

A share reorganisation was effected immediately prior to Admission on the basis of one New Ordinary Share and one B Deferred Share for every 1,200 Existing Ordinary Shares.

The rights attaching to the New Ordinary Shares are identical in all respects to those of the Existing Ordinary Shares. The B Deferred Shares carry no voting rights and do not carry any entitlement to attend general meetings of the Company; nor are they admitted to AIM or any other market. They 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 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 is 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 are, for all practical purposes, 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 are to be issued in respect of the B Deferred Shares.

The ISIN of the New Ordinary Shares is GB00B3PFSR32.

Board

Harry Offer remains on the board of the Company as a non-executive director. As of today, Patrick DeSouza and Stanford Berenbaum have assumed the roles of Chairman and Chief Executive Officer, respectively, and Barbara Spurrier has stepped down as Interim Finance Director. The Board would like to thank Barbara for her contribution to the Company. In addition, Ric Piper, Michael Reisman and Stephen Leeb have been appointed as Non-Executive Directors.

Brief details on the Board are set out below:

Patrick J. DeSouza (aged 51), 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), 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), 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), 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), 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), 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.

The City Code

The issue of the Consideration Shares to the Concert Party gave rise to certain considerations under the Code which are set out in the Admission Document.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code. The Concert Party, details of whom are also set out in the AIM Admission Document, are interested in 6,747,324 New Ordinary Shares, representing 75.08 per cent. of the Company's enlarged issued voting capital.

A table showing the interests in the Company's New Ordinary Shares held by the members of the Concert Party on Admission is set out below. It should be noted that this table replaces and supersedes the table set out on page 21 of the Admission Document.

Concert Party Member	Number of Consideration Shares received pursuant to the Acquisition	Number of Open Offer Shares Subscribed for	Percentage of the Enlarged Share Capital
Patrick DeSouza*	2,691,607	-	29.95
Plain Sight	1,866,380	40,000	21.21
Stanford Berenbaum*	1,070,926	-	11.92
Ronald Coifman*	219,962	-	2.45
Michael Reisman*	147,378	-	1.64
Frederick Warner*	120,543	-	1.34
Andreas Coppi*	120,543	-	1.34
Komodo Trust for Health and Education	73,689	-	0.82
Stephen Leeb*	73,689	-	0.82
Bryan DeSouza	73,689	-	0.82
Todd Carter*	68,015	-	0.76
James Bass*	36,844	-	0.41
Jeffrey Greenberg	29,475	-	0.33
Laura Hills*	29,475	-	0.33
Eric Remole	29,475	-	0.33
Nicholas Black*	26,159	-	0.29
David Sandell	14,738	-	0.16
Lana Gayevsky	7,369	-	0.08
Steven Fishman	7,368	-	0.08
	6,707,324	40,000	75.08

Additional information

Summary of Directors interests and other notifiable interests:

Director/Shareholder	Number of Ordinary Shares held on Admission	Percentage of New Ordinary Shares in issue
Patrick DeSouza	2,691,607	29.95
Plain Sight Systems, Inc.*	1,906,380	21.21
Stanford Berenbaum	1,070,926	11.92
Bluehone Investors LLP	477,777	5.32
Michael Riesman	147,378	1.53
Stephen Leeb	73,689	0.77
Harry Offer	45,228	0.50
Ric Piper	-	-

* Patrick DeSouza is Chief Executive Officer of Plain Sight Systems, Inc.

Under Schedule 2, paragraph (g) of the AIM Rules, the following additional information is disclosed:

Directorships

Directorships held by Messrs Piper, Reisman and Leeb in the past five years:

Director	Current Directorships/Partnerships	Past Directorships/Partnerships
Richard 'Ric'	Matchtech Group Plc	Airbase Interiors Limited

Piper	Turbo Power Systems Inc.	Cornwell Management Consultants Plc Euphony Holdings Limited Granby Oil And Gas Limited HLBBShaw Group Plc HLBBShaw (Trustee) Limited HLBBShaw Holdings Limited Off The Streets And Into Work Subsea Resources Plc SGL Vietnam Development Limited Xploite Plc
Michael Reisman	Foreign Policy Association New Haven Press Plain Sight Systems, Inc Policy Sciences Center, Inc	None
Stephen Leeb	Emerging Advisory LLC Leeb & Co. Leeb Capital Management Inc Leeb Index Trader LLC Leeb IPO Advisory LLC Leeb Research Consultants, Inc Natural Resources Advisory LLC Plain Sight Systems, Inc TCI Enterprises LLC	None

Ric Piper has been a director of Subsea Resources Plc which was put into administration on 11 April 2008 which administration became a creditors voluntary liquidation on 30 March 2009.

Stephen Leeb and entities associated with him have previously been censured by the US Securities and Exchange Commission (SEC) following alleged violations of SEC requirements. In 1995, Dr. Leeb and the associated Leeb Capital Management Inc. ("Leeb Capital") entered into an agreement with the SEC following allegations of administrative record keeping violations. Leeb Capital Management was required to pay a fine of \$15,000. In 1996, Dr. Leeb and the associated Leeb Investment Advisors, and certain other parties with whom neither Dr. Leeb or Leeb Capital are now associated, were censured by the SEC following allegations that they had failed to ensure the accuracy of an advertisement. Both were required to pay a fine of \$60,000. As the penalties imposed in these cases were part of a settlement, the allegations were not proved in either case and are still denied by Dr. Leeb and the associated entities. Leeb Capital, of which Stephen Leeb is Chief Executive Officer, remains a federally registered investment advisor firm with the SEC and since 1996, there have been no violations committed or alleged.

Messrs Piper, Riesman and Leeb have confirmed there is no additional information under Schedule 2, paragraph (g) of the AIM rules which needs to be disclosed.

This information is provided by RNS
The company news service from the London Stock Exchange

END

MSCPGUMWMUPUGMB

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2009 London Stock Exchange plc. All rights reserved

Regulatory