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

Interim Results for the six months ended 30 June 2011

Water Intelligence is a leading provider of water monitoring products and leak detection and remediation services. The Group was established following completion of the reverse takeover of Qonnectis plc (‘Qonnectis’) by American Leak Detection Holding Corp (‘ALDHC’). in July 2010. These results constitute six months trading by American Leak Detection, Inc, (‘ALD’), the Group's principal and wholly-owned operating subsidiary, and six months trading from UK operations, including plc costs. However, the Group results for the year ended 31 December 2010 constitute 12 months trading by ALD, the Group’s principal and wholly-owned operating subsidiary, and five months (August to December 2010) trading from Qonnectis operations, including plc costs. The six months ended 30 June 2010 comparable figures were solely the results of ALDHC.

Financial Highlights

	Six months ended 30 June 2011 $’000	**Six months ended 30 June 2010 $’000**	**Year ended 31 December 2010 $’000**
Total revenue	3,374	2,946	5,698
Underlying operating profits*	435**	771	589
Operating profit/(Loss)	296	426	(567)
Profit /(Loss) before tax	143	274	(871)
Earnings/(Loss) per share (diluted)	1.51c	3.74c	(21.90c)

** Underlying operating profits are before non-recurring costs and net financing costs.*
*** After deducting Plc costs of $269,000 (30 June 2010: $Nil; 31 December 2010: $Nil).*

Highlights

- Revenue for the six months to 30 June 2011 was 15% higher than in the same period in 2010, including *Leakfrog* product sales to Thames Water.
- Profitability resumed for Group; profitability increased in core American Leak franchise business.
- Sale of New York franchise and opening of a Corporate-run Store in Connecticut, the Group’s 5th store.
- Thames Water joins South West Water Limited supporting development and commercialisation of *Domestic Reporter* product, a hi-tech device that will allow metered domestic water users to monitor water use and identify when a leak has occurred.
- Prototype testing remains on track for *Commercial Reporter*, a product for industrial monitoring of water flow with site deployment at trial UK customers on track for Q4 2011 and initial marketing of product in the US with our nationwide franchise system in Q1 2012.

Patrick DeSouza, Executive Chairman of Water Intelligence, comments:
"The Group has made considerable steps forward in 2011 to date. Each of our business lines showed improvement given our targets and milestones. We are confident that we can sustain this progress, and build a significant presence in the growing international market for comprehensive water infrastructure solutions, from monitoring of and alerts for leaks to non-invasive leak detection and remediation."

30 September 2011

ENQUIRIES:

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Chairman's Statement

Overview

I am pleased to report that our trading performance in the six months to 30 June 2011 was in line with the Board's expectations, with revenue up 15% at $3.374 million. The Group returned to profitability as expenses stemming from the non-recurring costs in 2010 ended. Profit before tax for the period at $143,000 was less than the $274,000 achieved for the same period in 2010. However these results were arrived at after deducting certain non-recurring costs and the results for the six months ended 30 June 2011 are after incurring $269,000 Plc costs (2010: $Nil). The table below provides further analysis of the comparable results.

We achieved additional earnings contribution from the sale of UK products in the first half. That contribution, however, was offset by increased R&D expense as we plan for sustainable growth in both our product and services businesses and the increased costs relating to the Group maintaining its public listing. As discussed below, with operating synergies from our mix of offerings and the introduction of new products in large addressable markets, we expect profits to scale over time.

Our two-pronged strategy is to continue the solid growth of our leak detection services business (American Leak Detection – "ALD") and to blend in the scalable growth of our smart metering products business (Qonnectis – "QON"). During H1 2011 royalty income at ALD rose by 6% compared to the same period in 2010 and we achieved $246,000 of *Leakfrog* product sales to Thames Water.

We remain confident of sustainable success on each prong of our strategy. During H1 2011 we have sold new franchises, notably New York, and opened a Corporate-run location in Connecticut, the Group's fifth store. Further, we continue to progress towards commercialization of our two next generation smart metering products, *Domestic Reporter* and *Commercial Reporter*. These products are based on existing Qonnectis technology. On 23 August 2011 the Company announced that Thames Water was joining South West Water in backing the development of our *Domestic Reporter* product. The two water utilities represent an addressable market of over 10 million customers for this product.

In addition, we have begun to test production units for our *Commercial Reporter* product and plan to install demonstration units during Q4 2011 at selected sites for potential UK customers. As *Commercial Reporter* is adaptable for the US market, we also look to future product sales in the US to provide additional growth for our ALD franchisees. Our US franchise system provides a natural base of distribution for *Commercial Reporter* customers – water utilities and commercial businesses – who all want complete solutions from alerts to pinpoint detection and remediation to the problem of water loss through leakage.

Performance

Under the International Financial Reporting Standards, the acquisition on 29 July 2010 of ALDHC has been treated as a reverse acquisition. Accordingly, the Group results for the year ended 31 December 2010 constitute 12 months trading by ALD, the Group's principal and wholly-owned operating subsidiary, and five months (August to December) trading from UK QON operations, including plc costs. The six months ended 30 June 2010 comparable figures were solely the results of ALDHC.

The results for 2010 included a number of non-recurring costs. These were the costs of the reverse takeover and Admission to AIM, together with the cost of amending a Commercial Agreement with PSS, a technology company and former majority owner of ALD. There have been no costs incurred with respect to PSS since the Group's Admission to AIM.

During H1 2011, the Group also incurred the non-recurring cost of a severance payment to the former CEO.

	Six months ended 30 June 2011 $'000	**Six months ended 30 June 2010 $'000**	**Year ended 31 December 2010 $'000**
Revenue	3,374	2,946	5,698
The profit after taxation for the year is as follows:			
Gross profit	3,009	2,744	5,343
Less: Share-based payments	(13)	-	(20)
Plc costs	(269)	-	(378)
Other administrative costs	(2,292)	(1,973)	(4,356)
Underlying profit*	435	771	589
Non-recurring costs:			
Reverse Takeover & Admission to AIM	-	(130)	(682)
Commercial Agreement with PSS, the majority owner until Admission to AIM in July 2010	-	(215)	(474)
Termination payment for director	(139)	-	-
Operating profit/(loss)	296	426	(567)
Finance expense (net)	(153)	(152)	(304)
Profit/(loss) before taxation	143	274	(871)
Taxation	6	16	2
Profit/(loss) after taxation of the Group	149	290	(869)
Underlying profit from operations may be analysed geographically as follows:			
US based operations	810	771	1,152
UK based operations	(106)	-	(185)
Plc costs	(269)	-	(378)
	435	771	589

*Underlying operating profits are before non-recurring costs and net financing costs.

R&D expense in H1 2011 was $85,000 (2010 H1: $17,000). This increased expense will help sustain growth as explained below under *Products and integrated services.*

Revenue – Group

The Group has four sources of revenue: (a) franchise sales (US); (b) royalty from franchisees (US); (c) corporate-run service locations (US) and (d) product sales (UK). These revenue channels are synergistic in that they target the same customers – utilities, businesses, residences – currently serviced by ALD and QON; thus reducing customer acquisition costs.

		Six months ended 30 June 2011 $'000	**Six months ended 30 June 2010 $'000**	**Year ended 31 December 2010 $'000**
ALD	US	3,128	2,946	5,644
UK operations	International	246	-	54
		3,374	2,946	5,698

Whilst 99% of the Group's revenue in the year ended 31 December 2010 came from its wholly-owned subsidiary, ALD, in the six months ended 30 June 2011, 93% came from ALD and 7% from the UK operations arising from sales from the Group's product business which is based in the UK. The proportion of revenue derived from the UK is expected to rise in 2012 when anticipated orders for the new products currently being developed are received.

Further information on revenue is provided under ALD and UK operations below.

ALD

ALD has offices in Palm Springs, California and New Haven, Connecticut and through a mix of franchisees and Corporate-run stores provides non-invasive water leak detection and remediation services throughout the US, as well as in Australia, Belgium, Canada and certain other countries. I am pleased that ALD revenue reported higher franchise sales, increased royalties from the franchise system and improved profitability from its underlying Corporate-run stores.

With respect to our first revenue channel, franchise sales have increased during 2011. We were especially pleased to sell the New York territory to a strategic partner in May 2011.

	Six months ended 30 June 2011 $'000	**Six months ended 30 June 2010 $'000**	**Year ended 31 December 2010 $'000**
Royalty income from franchisees			
US	1,991	1,887	3,638
International	113	107	238
	2,104	1,994	3,876
Franchise sales	126	-	18
Company Stores and other income	898	952	1,750
	3,128	2,946	5,644

Second, it is encouraging to note that royalty income from US franchisees was up 6% in H1 2011 compared to the same period in 2010. Pleasingly, all US regions grew, with the Northeast and Northern California growing by 10% and 9% respectively.

Approximately 5% of ALD's royalty income arose outside the US during the first half of 2011 with a particularly strong performance by our business in Australia, where revenue increased by 19%.

Water is viewed as a critical resource worldwide, and leakage remains a major problem for which there is current public and private spending for solutions, such as those we provide and the products we are developing.

The ALD management team remains committed to helping franchisees build their businesses and generate a growing royalty base. The team has already started to introduce various systems and growth strategies to help make our franchisees' businesses improve their revenues and profitability.

For our third revenue channel, our focus has been on returning existing Corporate-run stores to profitability. We have made strong start during the first half and I am pleased to report that after incurring losses in 2010, these stores have made a positive contribution, after excluding the new Connecticut store which was opened in May 2011. As we expand our services business in the northeast with its large addressable market and 10% regional sales growth, we expect profitability to be achieved in Connecticut as well.

	Six months ended 30 June 2011 $'000	**Six months ended 30 June 2010 $'000**	**Year ended 31 December 2010 $'000**
Revenue			
Underlying stores	647	713	1,361
New store - Connecticut	13	NA	NA
	660	713	1,361
Contribution			
Underlying stores	16	(23)	(140)
New store - Connecticut	(49)	NA	NA
	(33)	(23)	(140)

UK operations

Prior to the reverse takeover, QON had an interesting product portfolio and significant customers such as Thames Water and Scottish Water, but lacked working capital to continue as a stand-alone business. ALD has provided QON a fresh start, with a critical mass of resources both in financial and personnel terms.

In September 2010, the Group received a significant order for its *Leakfrog* product from Thames Water plc for an aggregate purchase price of £177,000 ($265,000 at $1.50: £1.00). Revenue from this order was recognised as follows: H2 2010 £31,000, H1 2011 £146,000. There have been no other material revenues from UK activities since the reverse takeover in July 2010. As Commercial Reporter and Domestic Reporter are introduced commercially, currently planned for early 2012, we expect the UK operations will grow and become profitable given the scalability of product sales.

Net Debt – 31 August 2011, 30 June 2011 and 31 December 2010

The Group has a term loan with the Bank of Southern Connecticut. Originally $4.0m, the loan is being paid down based on a set amortization schedule. Our relationship with the Bank is strong and will be closely managed.

	31 August 2011 $'000	**30 June 2011 $'000**	**31 December 2010 $'000**
Borrowings - Current*	585	577	632
Borrowings – Non-Current*	2,782	2,880	3,086
Adjustment: Amortized loan fees	94	96	107
6 Year Term Loan	3,461	3,553	3,825
Promissory Note	46	59	102
	3,507	3,612	3,927
Less: Cash			
Held in US Dollars	662	438	447
Held in £ Sterling	26	40	159
	688	478	606
Total Net Debt	2,819	3,134	3,321

***** per Statement of Financial Position

Board

On 15 August 2011 the Company announced that Robert Mitchell, a highly-experienced UK fund manager in the AIM Market, had been appointed a non-executive director of the Company. His background is in helping product innovation companies grow and scale-up and we look forward to benefitting from his experience as we commercialize *Domestic Reporter* and *Commercial Reporter.*

The Board intends to appoint further non-executive directors in the near future.

Strategy

Demand for water solutions is likely to remain strong for the foreseeable future, despite challenging global economic conditions, with continued public and private spending growth in this area in the UK, the US and around the world. The "Green movement" for economies around the world is here to stay and water, as a precious resource to conserve, is at the very top of the priority list.

We have now shifted our first year attention from the integration of two businesses to executing a growth plan. Our growth plan for both sides of the Atlantic seeks to take advantage of market demand for integrated product and service solutions. In the UK, for example, the Office of Water Regulation (Ofwat) has been assertive in demanding solutions from the water utilities to the problem of leakage.

Our short-term priority is to complete testing of the production units of *Commercial Reporter* and advance our "Go to Market" plan both in the UK and the US with trial customers. In the UK, our next milestone is installing test units at select sites for potential customers. In the US, we will identify, with our franchisees, test sites for follow-on marketing of our new products after the UK trials are complete.

Finally, to advance our "One-Stop Shop" model of products and services, we propose to develop service channels. To date, the Board has been disappointed at the pace of development of UK leak detection services through our UK franchisee. To enhance these efforts we are now working with a large infrastructure services company in the UK in a trial exercise to increase our reach and grow both our products and services businesses.

Outlook

Having experienced growth in royalty income during the first half of the current year, the Board expects continued growth in its leak detection services business, especially given the large addressable global market.

On the product side, we are encouraged by the strong initial interest from both South West Water and Thames Water for our next generation product suite. We have begun testing production units for *Commercial Reporter* and, although significant development and testing work remains to be done, the Board expects these new products to start to deliver revenues and added growth by early 2012.

We look forward to executing our "Go to Market" plan. We believe that the timing is right for Water Intelligence to take a leadership role in providing solutions to the global problem of water loss through leakage.

Patrick De Souza
Executive Chairman

30 September 2011

Cautionary Statement

This interim financial information has been prepared for the shareholders of Water Intelligence, as a whole, and its sole purpose and use is to assist shareholders to exercise their governance rights. Water Intelligence and its Directors and employees are not responsible for any other purpose or use or to any other person in relation to this announcement.

The report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010	Year Ended 31 December 2010
		$	$	$
		Unaudited	**Unaudited**	**Audited**
Revenue	4	3,374,463	2,946,327	5,698,024
Cost of sales		(365,412)	(202,328)	(355,342)
Gross profit		**3,009,051**	**2,743,999**	**5,342,682**
Administrative expenses				
- Share-based payments		(12,561)	-	(20,399)
- Reverse acquisition costs		-	(129,887)	(681,893)
- Other administrative costs		(2,700,275)	(2,188,364)	(5,207,688)
Total administrative expenses		(2,712,836)	(2,318,251)	(5,909,980)
Operating profit/(loss)		**296,215**	**425,748**	**(567,298)**
Finance income		9,522	10,859	19,103
Finance expense		(162,264)	(162,675)	(322,631)
Profit/(loss) before tax		**143,473**	**273,932**	**(870,826)**
Taxation credit		5,932	15,845	1,658
Profit/(loss) for the period		**149,405**	**289,777**	**(869,168)**
Other comprehensive income				
Exchange differences arising on translation of foreign operations		1,596	-	(18,833)
Total comprehensive profit/(loss) for the period		**151,001**	**289,777**	**(888,001)**
Earnings/(loss) per share		**Cents**	**Cents**	**Cents**
Basic	5	1.56	4.14	(21.90)
Diluted	5	1.51	3.74	(21.90)

	At 30 June 2011	At 30 June 2010	At 31 December 2010
	$	$	$
	Unaudited	Unaudited	Audited
ASSETS			
Non-current assets			
Goodwill	2,369,940	876,211	2,369,940
Other intangible assets	3,841,091	4,138,454	3,973,122
Property, plant and equipment	47,526	81,829	76,729
Deferred tax asset	198,927	249,236	186,895
Trade and other receivables	62,424	64,789	52,439
	6,519,908	5,410,519	6,659,125
Current assets			
Inventories	104,277	98,575	242,049
Deferred tax asset	80,461	78,462	92,493
Trade and other receivables	986,380	770,257	860,822
Cash and cash equivalents	478,355	558,570	606,382
	1,649,473	1,505,864	1,801,746
TOTAL ASSETS	8,169,381	6,916,383	8,460,871
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital	12,716,863	84	12,716,863
Share premium	4,203,812	1,924,895	4,203,812
Capital redemption reserve	6,517,644	-	6,517,644
Merger reserve	8,501,150	-	8,501,150
Other reserves	14,758	-	601
Reverse acquisition reserve	(27,758,088)	-	(27,758,088)
Retained (loss)/profit	(556,772)	452,768	(706,177)
	3,639,367	2,377,747	3,475,805
Non-current liabilities			
Borrowings	2,879,724	-	3,086,408
Promissory notes	-	20,398	85,222
Provision of onerous contracts	159,022	-	193,218
	3,038,746	20,398	3,364,848
Current liabilities			
Trade and other payables	772,527	122,535	884,264
Borrowings	576,648	4,284,182	632,439
Promissory notes	58,858	111,521	16,880
Provision of onerous contracts	83,235	-	86,635
	1,491,268	4,518,238	1,620,218
TOTAL EQUITY AND LIABILITIES	8,169,381	6,916,383	8,460,871

Interim Consolidated Statement of Changes in Equity
For the six months ended 30 June 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**
Total Comprehensive Income	-	-	-	-	-	-	289,777	289,777
As at 30 June 2010 (unaudited)	**84**	**1,924,895**	**-**	**-**	**-**	**-**	**452,768**	**2,377,747**
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)	(1,158,945)	(1,177,778)
As at 31 December 2010 (audited)	**12,716,863**	**4,203,812**	**6,517,644**	**(27,758,088)**	**8,501,150**	**601**	**(706,177)**	**3,475,805**
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	-	-	-	-	-	12,561	-	12,561
Total comprehensive loss	-	-	-	-	-	1,596	149,405	151,001
As at 30 June 2011 (unaudited)	**12,716,863**	**4,203,812**	**6,517,644**	**(27,758,088)**	**8,501,150**	**14,758**	**(556,772)**	**3,639,367**

Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
		$	$	$
		Unaudited	Unaudited	Audited
Net cash generated from/(used in) operating activities	6	322,740	763,200	(315,010)
Cash flows from investing activities				
Interest received		9,522	10,859	19,103
Interest paid		(152,729)	(162,675)	(322,631)
Purchase of plant and equipment		-	(3,323)	(7,124)
Sale of fixed assets		-	-	801
Capital contributed		-	-	-
Issue of Convertible loan note		-	-	-
Trade notes received		-	-	105,993
Net cash used in investing activities		(143,207)	(155,139)	(203,858)
Cash flows from financing activities				
Proceeds from borrowings		-	-	4,000,000
Principal payments on long term debt		(272,010)	(379,141)	(4,776,392)
Repayment of loan note funding		(43,244)	-	-
Repayment of obligations under finance leases		-	-	(16,617)
Proceeds from issue of shares		-	-	1,295,471
Fees associated with long term debt capitalised		-	(40,000)	-
Fees associated with share issue capitalised		-	-	(264,260)
Proceeds from issue of convertible loan notes		-	-	452,883
Net cash (used in)/from financing activities		(315,254)	(419,141)	691,085
Net (decrease)/increase in cash and cash equivalents		(135,721)	188,920	172,217
Cash and cash equivalents at the beginning of period		606,382	369,650	369,650
Cash acquired on Reverse acquisition		-	-	83,348
Effect of foreign exchange rate changes		7,694	-	(18,833)
Cash and cash equivalents at end of period		478,355	558,570	606,382

Notes to the Interim Consolidated Financial Information
For the six months ended 30 June 2011

1 General information

The Group is a leading provider of water monitoring products, leak detection equipment and remediation services. The Group's strategy - which underpins the creation in July 2010 of Water Intelligence plc through the Reverse Acquisition of Water Intelligence plc by ALDHC – 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 St Johns Innovation Centre, Cowley Road, Cambridge CB4 0WS, England.

2 Adoption of new and revised International Financial Reporting Standards

No new IFRS standards, amendments or interpretations became effective in the six months to 30 June 2011 which had a material effect on this interim consolidated financial information.

3 Significant accounting policies

Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year.

This interim consolidated financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting'. This interim consolidated financial information is not the group's statutory financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been delivered to the Registrar of Companies. 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.

The interim consolidated financial information for the six months ended 30 June 2011 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative numbers for the six months ended 30 June 2010 are unaudited and based solely upon the consolidated financial information of the legal subsidiary, ALDHC.

This interim consolidated financial information is presented in US Dollars ($), rounded to the nearest dollar.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Foreign currencies

(i) Functional and presentational currency

Items included in this interim consolidated financial information are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be the Pounds Sterling (£) for the Parent Company and US Dollars ($) for ALDHC. This interim consolidated financial information has been presented in US Dollars which represents the dominant economic environment in which the Group operates. The effective exchange rate at 30 June 2011 was £1 = US$1.6018 (*30 June 2010: £1 = US$ 1.5067*).

Critical accounting estimates and judgments

The preparation of interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the relevant notes.

In preparing this interim consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010.

4 Revenues

In the opinion of the Directors, the operations of the Group currently comprise three operating segments, being the franchises, corporate owned stores and other activities which include product and equipment sales.

The Group mainly operates in the US, with nascent operations in the UK and certain other countries. In the six months to 30 June 2011, 89% of its revenue came from the US based operations, the remaining 11% 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

The Group adopted IFRS 8 Operating Segments with effect from 1 July 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group.

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 three segments

- Franchisor royalties
- Corporate-operated stores
- Other activities including product and equipment sales

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

Revenue	**Six months ended 30 June 2011**	**Six months ended 30 June 2010**	**Year ended 31 December 2010**
	$	**$**	**$**
	Unaudited	**Unaudited**	**Audited**
Royalties from franchisees	2,103,582	1,994,037	3,876,047
Corporate-operated Stores	660,182	712,926	1,361,324
Other activities	610,699	239,364	460,653
Total	**3,374,463**	**2,946,327**	**5,698,024**

Profit/(loss) before tax	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
Royalties from franchisees	829,661	773,696	585,242
Corporate-operated Stores	(33,193)	(23,095)	(139,679)
Other activities	(652,995)	(476,669)	(1,316,389)
Total	**143,473**	**273,932**	**(870,826)**

Assets	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
Royalties from franchisees	5,484,173	6,232,522	5,315,158
Corporate-operated Stores	378,245	398,612	431,631
Other activities	2,306,963	285,249	2,714,082
Total	**8,169,381**	**6,916,383**	**8,460,871**

Information is also provided to the Group's Chief Operating Decision Maker on the Corporate-operated Stores' performance:

Corporate-operated Stores	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
Revenue	660,182	712,926	1,361,324
Contribution	(33,193)	(23,095)	(139,679)

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	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
US	2,993,461	2,795,882	5,367,232
International	381,002	150,445	330,792
Total	**3,374,463**	**2,946,327**	**5,698,024**

Revenue from franchisor activities by geographical area is detailed below.

Royalties from franchisees	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
US	1,990,861	1,887,168	3,638,047
International	112,721	106,869	238,000
Total	**2,103,582**	**1,994,037**	**3,876,047**

5 Earnings per share

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

	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
Earnings/(loss) attributable to shareholders of the Company ($)	149,405	289,777	(869,168)
Weighted average number of ordinary shares	9,604,417	7,000,000	3,962,211
Earnings/(loss) per share (cents)	1.56	4.14	(21.90)
Diluted earnings/(loss) per share (cents)	1.51	3.74	(21.90)

The Company issued no share options in the six months to 30 June 2011 (six months to 30 June 2010: nil). For the purposes of the diluted loss per share the weighted average number of shares in issue and to be issued, allowing for the exercise of the share options is 9,898,085. The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

6 Notes to the statement of cash flows

	Six months ended 30 June 2011 $ Unaudited	Six months ended 30 June 2010 $ Unaudited	Year ended 31 December 2010 $ Audited
Cash flows from operating activities			
Profit/(Loss) before interest and taxation	296,215	425,748	(567,298)
Adjustments for:			
Depreciation of plant and equipment	29,983	38,182	68,373
Amortisation of intangible assets	132,031	157,062	322,394
Gain on disposal of fixed asset	-	-	(600)
Share based payments	12,561	-	20,399
Provision for bad debts	-	-	19,491
Operating cash flows before movements in working capital	470,790	620,992	(137,241)
Decrease/(Increase) in inventories	137,772	2,127	(141,348)
(Increase)/Decrease in trade and other receivables	(135,543)	143,167	702,025
Decrease in trade and other payables	(150,279)	(18,931)	(791,436)
Cash generated by operations	322,740	747,355	(368,000)
Income taxes	-	15,845	52,990
Net cash generated from/(used in) operating activities	322,740	763,200	(315,010)

7 Publication of announcement and the Interim Results

A copy of this announcement will be available at the Company's registered office (St John's Innovation Centre, Cowley Road, Cambridge CB4 0WS) 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 Interim Results will be posted to shareholders shortly and will be made available on the website.