7 July 2010

Qonnectis plc
("Qonnectis" or the "Company")

Final results for the 18 month period ended 31 December 2009

CHAIRMAN'S STATEMENT

Introduction

Following the last report the Company has been faced with significant challenges from both external and internal sources. The economic climate has created an environment where customers delay orders and opportunities can suffer setbacks from unexpected quarters. Qonnectis has not been immune from these adverse pressures and spent the majority of the eighteen month period under review seeking to strengthen its position. This has resulted in an opportunity for Qonnectis to acquire American Leak Detection Holding Corp ("ALD") and such acquisition will constitute a reverse takeover under the AIM Rules for Companies.

The Qonnectis Group suffered a significant reduction in sales revenues due to internal issues leading to a reduction in marketing activity and as customers delayed orders due to the economic climate. The sales revenue of £55,282 (2008: £456,678) generated in the period is reflective of the loss of sales staff in August 2008, followed by a reduction in cash resources which restricted the recruitment of any further staff. Towards the end of the eighteen month period this position changed and a new experienced sales manager was appointed.

In the first six months of the period the Company faced the loss of the founder and Chief Executive Officer, Mike Tapia, who left the company in December 2008 due to ill health, after many years of dedication and hard work. The Chief Executive role was filled by Guy Chant, from October 2008 through to March 2009. The challenges for the management team had already been exacerbated by the resignation of the key sales executive in August 2008.

Further senior management changes were seen in the second six months of the period. On 12 January, I was appointed as Non-Executive Director and 31 March 2009 saw the departure of Richard Taylor as Chairman of the Board, a role into which I stepped. Also in March 2009, Guy Chant stepped down as interim Chief Executive Officer, remaining on the Board as Non-Executive Director until 8 June 2009. Barbara Spurrier took over the role of interim Chief Executive Director in addition to continuing as Finance Director.

In April 2009, we focused our attention on raising funds to secure the future of Qonnectis. This process became protracted and after several months, it was considered appropriate to suspend trading in the shares of Qonnectis on AIM pending clarification of the financial position of the company, which took place at the end of July 2009.

During this review period, the opportunity to combine with ALD was explored culminating in an initial agreement being reached to enter into the process for an acquisition resulting in a reverse takeover. To help facilitate the process an interim round of funding was initiated and subsequently completed on the 8 January 2010, injecting £395,000 (gross) of new cash into Qonnectis.

Outlook

The opportunity to combine with ALD will give Qonnectis the stability it needs to develop its product portfolio, and offers the Company significant opportunity by opening up channels to parts of the water market hitherto inaccessible. The executive team has been strengthened by the appointment of an experienced sales manager. The Board of Directors has been enhanced by the addition of Patrick DeSouza and Stanford Berenbaum as non-executive directors, both of whom will have a significant impact on the future of the business after completion of the reverse takeover which was announced today.

Harry Offer
7 July 2010

FURTHER ENQUIRIES

Qonnectis plc
Harry Offer, Non-executive Chairman Tel: 07887 753 341
Barbara Spurrier, Interim CEO and Finance Director Tel: 01223 421714

Merchant John East Securities Limited
David Worlidge/ Bidhi Bhoma Tel: 020 7628 2200

CONSOLIDATED INCOME STATEMENT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2009

	Note	18 month period to 31 December 2009 £	12 month period to 30 June 2008 £
Revenue		55,282	456,678
Costs of sales		(36,473)	(220,071)
Gross Profit		18,809	236,607
Other income		75,287	49,514
Exceptional item – convertible loan funding costs		-	(250,000)
Impairment of goodwill		(603,473)	(2,920,379)
Administrative expenses		(1,095,209)	(845,383)
Operating loss		(1,604,586)	(3,729,641)
Finance income	2	9,241	6,241
Finance cost	2	(2,007)	(26,198)
Loss for the period before tax		(1,597,352)	(3,749,598)
Corporation Tax	3	55,093	-
Loss for the period and total comprehensive loss for the period		(1,542,259)	(3,749,598)
Loss per share (basic and diluted)	4	(0.1p)	(1.49p)

The company has no other comprehensive income for the period.

The results reflected above relate to continuing operations.

As permitted by section 408 of the Companies Act 2006 a separate income statement has not been presented for the company. The Company's loss for the period was £339,924 (2008: £8,918,690).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	31 December 2009 £	30 June 2008 £
Assets			
Non-current assets			
Intangible assets		-	603,473
Property, plant and equipment	5	16,285	4,495
		16,285	607,968
Current assets			
Inventories		33,689	30,137
Trade and other receivables	6	65,815	93,327
Cash and cash equivalents		105,728	697,341
		205,232	820,805
Total assets		221,517	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		(13,910,510)	(12,368,251)
		(289,205)	1,253,054
Current liabilities			
Trade and other payables		347,833	169,719
Borrowings		162,889	6,000
		510,722	175,719
Total equity and liabilities		221,517	1,428,773

CONSOLIDATED CASH FLOW STATEMENT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2009

	Note	18 month period to 31 December 2009 £	12 month period to 30 June 2008 £
Cash flows from operating activities			
Loss from operations		(1,604,586)	(3,729,641)
Adjustments for:			
Depreciation		10,735	4,352
Impairment losses		603,473	2,920,379
Funding costs – convertible loan funding costs		-	250,000
Corporation tax credit		55,093	-
Operating loss before working capital changes		(935,285)	(554,910)
(Increase) in inventories		(3,552)	(18,231)
Decrease in trade and other receivables		27,512	1,458
Increase/(decrease) in trade and other payables		178,114	(144,568)
Net cash from operating activities		(733,211)	(716,251)
Cash flows from investing activities			
Purchase of property, plant and equipment		(22,525)	(164)
Interest received		9,241	6,241
Interest paid		(2,007)	(26,198)
Net cash used in investing activities		(15,291)	(20,121)
Cash flows from financing activities			
Proceeds from issue of share capital		-	1,675,667
Exceptional item – convertible loan funding costs		-	(250,000)
Proceeds from loan notes issued		72,889	-
Proceeds from loan notes due to be issued (restricted cash)		90,000	-
Repayment of borrowings		(6,000)	(36,000)
Net cash used in financing activities		156,889	1,389,667
Net (decrease)/increase in cash and cash equivalents		(591,613)	653,295
Cash and cash equivalents at the beginning of period		697,341	44,046
Cash and cash equivalents at end of period	7	105,728	697,341

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2009

	Share Capital £	Share Premium £	Retained Loss £	Total £
Balance 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 at 1 July 2008	12,020,588	1,600,717	(12,368,251)	1,253,054
Total comprehensive loss for the period	-	-	(1,542,259)	(1,542,259)
Balance at 31 December 2009	12,020,588	1,600,717	(13,910,510)	(289,205)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented unless stated otherwise.

The consolidated financial statements of Qonnectis plc have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC Interpretations) issued by the International Accounting Standards Board, as adopted by the European Union.

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. As described in the directors' report, the current economic environment is difficult and the Group has reported an operating loss for the period.

As explained in the Chairman's statement, the Group has agreed to undertake a reverse takeover with American Leak Detection Inc. ("ALD"). The directors raised £395,000 of interim funding in January 2010 to enable the Group to continue trading until the transaction is completed.

In conjunction to the reverse takeover with ALD, the Company has received commitments, conditional on the passing of certain Shareholder resolutions and admission of its new ordinary share capital to trading on AIM, for additional equity finance of approximately £657,000 which is sufficient to fund working capital and expansion of the Group over the coming eighteen months. If these conditions were not met then the Company may not have the financial resources to continue as a going concern. However, the Board believes the risk of these conditions not being met is remote and therefore no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern for the foreseeable future. Consequently the accounts are prepared on a going concern basis.

2. FINANCE INCOME AND COSTS

	18 month period to 31 December 2009 £	12 month period to 30 June 2008 £
Interest expense		
Bank loan and overdraft borrowings	(2,075)	(3,698)
Other interest payable	-	(22,500)
Gain on foreign exchange	68	-
Finance cost	(2,007)	(26,198)
Interest income on short term bank deposits	9,241	6,241
Finance income	9,241	6,241
Net finance costs	7,234	(19,957)

3. INCOME TAX EXPENSE

	18 month period to 31 December 2009 £	12 month period to 30 June 2008 £
(a) Analysis of charge in period		
Corporation tax	(55,093)	-
Total	(55,093)	-
(b) Factors affecting tax charge for the period		
Loss for the period before taxation	(1,597,352)	(3,749,598)
Loss on ordinary activities multiplied by rate of corporation tax in the UK 28% (2008: 221%)	(447,258)	(787,416)
Adjustments for:		
Expenses not tax deductable	62,863	46,446
Impairment of goodwill	168,972	613,280
Tax effect of unrecognised losses for deferred tax	215,423	126,759
Other	(55,093)	931
Total income tax credit	(55,093)	-

The value of the unrecognised deferred tax asset for the period was £1,136,441 (2008: 912,843). A deferred tax asset has not been recognised in respect of timing differences relating to carried forward tax losses, as there is insufficient evidence that the asset will be recovered.

4. LOSS PER SHARE

	18 month period to 31 December 2009 £	12 month period to 30 June 2008 £
Basic and diluted loss per share		
Net loss for the period	(1,542,259)	(3,749,598)
Weighted average number of ordinary shares	1,615,373,072	251,073,776
Basic and diluted loss per share (pence)	(0.1)	(1.49)

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 these shares are anti-dilutive as defined by IAS 33 and so there is no difference between the basic and diluted earnings per share.

5. PROPERTY, PLANT AND EQUIPMENT

Group property, plant and equipment as at 31 December 2009

	Computer equipment £	Fixtures, fittings and equipment £	Development tools and equipment £	Total £
Period ended 30 June 2008				
Cost				
At 1 July 2007	103,133	4,841	15,693	123,667
Additions	-	164	-	164
At 30 June 2008	103,133	5,005	15,693	123,831
Accumulated depreciation				
At 1 July 2007	(98,860)	(1,941)	(14,183)	(114,984)
Charge for the period	(2,447)	(1,227)	(678)	(4,352)
At 30 June 2008	(101,307)	(3,168)	(14,861)	(119,336)
Net book amount				
At 30 June 2008	1,826	1,837	832	4,495
Period ended 31 December 2009				
Cost				
At 1 July 2008	103,133	5,005	15,693	123,831
Additions	5,127	518	16,880	22,525
At 31 December 2009	108,260	5,523	32,573	146,356
Accumulated deprecation				
1 July 2008	(101,307)	(3,168)	(14,861)	(119,336)
Charge for the period	(3,790)	(1,834)	(5,111)	(10,735)
At 31 December 2009	(105,097)	(5,002)	(19,972)	(130,071)

Net book amount				
At 31 December 2009	3,163	521	12,601	16,285

6. TRADE AND OTHER RECEIVABLES

	18 month period to 31 December 2009 £	**12 month period to 30 June 2008 £**
Trade receivables	4,290	42,493
Less: impairment of trade receivables	(4,155)	-
Net trade receivables	135	42,493
Prepayments	7,413	29,889
Corporation tax	55,093	-
Unpaid share capital	10	10
Recoverable VAT	3,164	20,935
	65,815	93,327

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period taken on sales of goods is 1 day (2008: 34 days). The average credit period taken on sales of goods is skewed due the size of the trade receivables at the period end. The actual credit period taken on this balance is shown below as being between 90 and 120 days.

Ageing of past due but not impaired receivables	**18 month period to 31 December 2009 £**	**12 month period to 30 June 2008 £**
30-60 days	-	33,534
60-90 days	-	(15,581)
90-120 days	135	7,191
Total	135	25,144

Movement in the allowance of doubtful debts	**18 month period to 31 December 2009 £**	**12 month period to 30 June 2008 £**
Balance at the beginning of the period	-	-
Amounts provided during the year	(4,155)	-
Balance at the end of the period	(4,155)	-

Ageing of impaired trade receivables	**18 month period to 31 December 2009 £**	**12 month period to 30 June 2008 £**
30-60 days	-	-
60-90 days	-	-
90-120 days	(4,155)	-
Total	(4,155)	-

Directors consider that the carry amount of trade and other receivables is approximately equal to their fair value.

7. CASH AND CASH EQUIVALENTS

Group cash and cash equivalents as at 31 December 2009	**18 month period to 31 December 2009 £**	**12 month period to 30 June 2008 £**
Cash at bank and in hand	102,779	67,331
Short term bank deposits	2,949	630,010
	105,728	697,341

8. RELATED PARTY TRANSACTIONS

During the period the Group purchased financial services from Cambridge Financial Partners LLP, a company of which Barbara Spurrier, a director of Qonnectis plc is a partner. The cost of services provided to the Group during the period was £162,872 (2008: £nil) and at the date of the statement of financial position the balance owing to Cambridge Financial Partners LLP was £83,823 (2008: £nil).

During the period the group entered into an agreement for the rent of storage space from The Offer Group Limited. The chairman of Qonnectis plc, Harry Offer, is also a director of this firm. Rent paid during the period to The Offer Group Limited was £863 (2008: Nil) of which £575 (2008: Nil) was outstanding at the period end.

The Group bought services from Barnes Kavelle Limited, a company in which Mr R M Taylor (a former chairman and non-executive director of Qonnectis plc) is a director. The cost of these services in the period of his directorship was £546 (2008: £1,000).

Key management personnel

The key management personnel of the company are the directors. Details regarding their remuneration received during the period are disclosed in the financial statements for the period ended 31 December 2009.

9. EVENTS AFTER THE REPORTING PERIOD

On 8 January 2010 a fundraising was concluded which secured £395,000 through a combination of debt and equity in contemplation of a proposed reverse takeover by ALD.

The Loan Note from ALD referred to in note 20 above, totalling £72,889, was partly repaid using some of the proceeds of the fundraising in January 2010. £35,000 was repaid on the 28th January leaving a total owed to ALD of £37,889.

An instrument dated 8 January 2010 between Qonnectis plc and ALD constituting preferred convertible loan notes to be issued to ALD in respect of monies owed by Qonnectis plc to ALD in the event that the Acquisition and Admission do not occur by 30 April 2010 ranking in preference to all unsecured obligations of Qonnectis plc secured by the debenture referred to below and carrying interest on the principal amount outstanding at 18 per cent. per annum and convertible into Ordinary Shares at par. The preferred convertible loan notes will be repayable at twice the principal amount and outstanding interest at any time within 3 business days of a written demand. If repayment is not made the note holder may convert all or any of the notes and outstanding interest at any time in to fully paid ordinary shares at par.

A debenture dated 8 January 2010 between Qonnectis and ALD pursuant to which Qonnectis plc granted a fixed and floating charge over all its property, assets, rights and revenues in favour of ALD as security for any obligations due by Qonnectis plc to ALD pursuant to loan notes as set out above.

10. DIVIDEND

The directors are not proposing the payment of a dividend.

11. COPIES OF THE REPORT & ACCOUNTS

Copies of the Report and Accounts have been posted to shareholders, are available from the Company's registered office, St John's Innovation Centre, Cowley Road, Cambridge, Cambridgeshire CB4 0WS and are available from the Company's website www.qonnectis.com.