QONNECTIS PLC
(AIM: QTI)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

Qonnectis plc ('the Company'), the data monitoring service provider for utilities and major commercial users of energy and water, announces its results for the six months ended 31 December 2008.

Highlights:
- Leakfrog ® orders delayed
- New product derivatives developed and ready for sale
- Order book building post period
- New enhancement of logger product ready for launch
- Turnover £20,686 (2007: £291,281)
- Operating loss £405,806 (2007: £197,168)
- Loss per share 0.10p (2007: 0.10p)
- Cash balance at period end: £304,532

Barbara Spurrier, Chief Executive of Qonnectis, commented:

"The 6 months to December proved very disappointing in terms of sales. However in the current period, the sales order book is being steadily re-built and the longer term prospects are promising.

"We have been implementing tight cash management and, following the enhancement of our excellent product range, we are working towards recovering our market position. As a result we are optimistic that turnover will increase in the second half of this year and continue to rise next year.

"*Discussions are under way for additional finance to fund the working capital. The management is currently being restructured. As part of this Harry Offer, who joined the Board in January 2009 as a Non-Executive Director, is to become Non Executive Chairman and Richard M Taylor is to retire from this position. We would like to thank Richard for his encouragement, support and guidance to Qonnectis over the years as both a private company and as a public company."*

31 March 2009

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CHAIRMAN'S STATEMENT

The 6 months to December proved very disappointing in terms of sales, due in part to the low order bank coming in to the period, delayed rather than lost orders and the negative impact on customers' investment plans of the economic downturn. The Company, however, remains in a positive cash position with no debt. Over recent months the product range has been developed and enhanced, the new and updated products are now being marketed and the order book is being steadily improved.

The Leakfrog® range is securing new customers and repeat orders from existing ones although volumes are still lower than expected. New variants have been developed and further customer led product evolutions are underway. The agreement with Halma Water Management for the non-exclusive international distribution of Leakfrog®, continues and is beginning to bear fruit.

Sales of the Qonnectis Network (the smart logger, communication and data management service) were seriously affected by customer project delays, an extended sales cycle and customer stocks, during the half year. There are signs that these blockages are lessening and the availability of the Swift, the new smart logger to replace the iStaq, is giving the sales effort a boost.

Swift has performed very well in customer trials and is now actively being promoted in place of the former unit. Swift gives improved performance and reliability together with reduced cost which will help the Company remain competitive in a very cost conscious environment.

Customer renewals are also starting based on the original 5 year packages sold in the early stages of the Company's development. In some cases the renewal is for the continued service element of the package and in others new loggers will be required as well.

The cost in the half year of technical development of the Leakfrog® variants and the Swift totalled approximately £120,000, all of which has been expensed through the profit & loss account.

Financial

With turnover falling to £20,686 (2008: £291,281) gross profit was reduced to £11,247. With operating expenses increasing slightly the overall loss was £405,806. The loss per share remained at 0.10p. Cash balances at the period end totalled £304,532.

Board Changes

Barbara Spurrier, who was appointed as Finance Director in October, replaced Guy Chant as interim Chief Executive when he stepped down from the role in February and Barbara is combining both roles for the time being. In January Harry Offer joined the Board as a non-executive Director and will take over from me as Non Executive Chairman. I wish him, and the rest of the team, success.

Outlook

Overall, although actual sales have been very disappointing we are continuing to make progress in terms of product development and customer acquisition, but the pace must be accelerated. We have a positive cash position and an excellent product range. We are optimistic that turnover will increase significantly in the second half.

Richard M. Taylor
Chairman

30 March 2008

Condensed consolidated interim income statement
for the six months ended 31 December 2008

	Notes	Unaudited 6 months ended 31 December 2008 £	Unaudited 6 months ended 31 December 2007 £	Audited 12 months ended 30 June 2008 £
Revenue		**20,686**	**291,281**	**456,678**
Cost of sales		(9,439)	(113,571)	(220,071)
Gross profit		**11,247**	**177,710**	**236,607**
Operating expenses		(418,947)	(380,885)	(845,383)
Other operating income		-	-	49,514
Exceptional item – convertible loan funding costs		-	-	(250,000)
Other operating income		-	-	(2,920,379)
Operating loss		**(407,700)**	**(203,175)**	**(3,729,641)**
Interest receivable and similar income		2,344	1,108	6,241
Interest payable and similar charges		(450)	(19,931)	(26,198)
Loss before taxation		**(405,806)**	**(221,998)**	**(3,749,598)**
Taxation		-	-	-
Loss for the period – attributable to equity shareholders		**(405,806)**	**(221,998)**	**(3,749,598)**
Loss per share - basic	3	(0.10 pence)	(0.10 pence)	(1.49 pence)

All of the activities of the group are classed as continuing.

There are no movements in recognised income or expenses other than the results for the period as set out above.

Condensed consolidated interim balance sheet
as at 31 December 2008

	Notes	Unaudited 31 December 2008 £	Unaudited 31 December 2007 £	Audited 30 June 2008 £
ASSETS				
Non-current assets				
Property plant and equipment		17,427	6,519	4,495
Goodwill		603,473	3,523,852	603,473
		620,900	**3,530,371**	**607,968**
Current assets				
Inventories		56,268	16,626	30,137
Trade and other receivables		54,824	159,961	93,327
Cash and cash equivalents	5	304,532	46,593	697,341
		415,624	**223,180**	**820,805**
TOTAL ASSETS		**1,036,524**	**3,753,551**	**1,428,773**
EQUITY				
Capital and reserves				
Share capital		12,020,588	10,270,588	12,020,588
Share premium		1,600,717	1,675,050	1,600,717
Retained earnings		(12,774,057)	(8,840,652)	(12,368,251)
TOTAL EQUITY		**847,248**	**3,104,986**	**1,253,054**
LIABILITIES				
Current liabilities				
Trade and other payables		189,276	624,565	169,719
Borrowings		-	24,000	6,000
		189,276	**648,565**	**175,719**
TOTAL LIABILITIES		**189,276**	**648,565**	**175,719**
TOTAL EQUITY AND LIABILITIES		**1,036,524**	**3,753,551**	**1,428,773**

The condensed consolidated interim financial information was authorised for issue by the directors on

30 March 2009

Condensed consolidated statement of changes in equity
as at 31 December 2008

	Share capital £	Share premium £	Retained earnings £	Total equity £
As at 30 June 2008	**12,020,588**	**1,600,717**	**(12,368,251)**	**1,253,054**
As at 1 July 2008	12,020,588	1,600,717	(12,368,251)	1,253,054
Loss for the period	-	-	(405,806)	(405,806)
As at 31 December 2008	**12,020,588**	**1,600,717**	**(12,774,057)**	**847,248**

Condensed consolidated interim cash flow statement
for the six months ended 31 December 2008

	Notes	Unaudited 6 months ended 31 December 2008 £	Unaudited 6 months ended 31 December 2007 £	Audited 12 months ended 30 June 2008 £
Cash flows from operating activities				
Cash utilised by operations	4	(371,362)	(210,630)	(716,250)
Interest paid		(146)	(19,931)	(26,198)
Taxation paid		-	-	-
Net cash utilised by operating activities		**(371,508)**	**(230,561)**	**(742,448)**
Cash flows from investing activities				
Purchases of property plant and equipment		(15,644)	-	(165)
Interest received		343	1,108	6,241
Net cash from investing activities		**(15,301)**	**1,108**	**6,076**
Cash flows from financing activities				
Issue of share capital		-	-	1,675,667
Exceptional item – convertible loan funding costs		-	-	(250,000)
Issue of convertible bonds		-	250,000	
Repayment of borrowings		(6,000)	(18,000)	(36,000)
Net cash from financing activities		**(6,000)**	**232,000**	**1,389,667**
Net increase/(decrease) in cash and cash equivalents		**(392,809)**	**2,547**	**653,295**
Cash and bank overdrafts at start of period		697,341	44,046	44,046
Cash and bank overdrafts at end of period	**5**	**304,532**	**46,593**	**697,341**

1. General information

Qonnectis PLC (the "company") and its subsidiaries (together, the "Group") are engaged in the research, development and supply of an integrated solution for remote data communications to established businesses, such as energy and water utilities, primarily in the United Kingdom and Western Europe.

The company is a public limited company domiciled in England, registered number 03923150, and is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. Summary of significant accounting policies

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

a) Basis of preparation

The condensed consolidated interim financial information for the six months ended 31 December 2008 has been prepared in accordance with the accounting policies which will be adopted in presenting the full year annual report and financial statements for the year ended 30 June 2009. These financial statements will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The IFRS standards that will be applicable at 30 June 2009 are not known with certainty at the time of preparing this interim financial information.

The interim financial information is unaudited and does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. This interim financial information does not include all of the disclosures required in full financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2008. The financial statements for the year ended 30 June 2008, which were presented under IFRS, have been delivered to the Registrar of Companies. The report of the auditors on those financial statements provided an emphasis of matter on their opinion relating to going concern and was not qualified and did not contain a statement under either Section 237 (2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or Section 237 (3) (failure to obtain necessary information and explanations) of the Companies Act 1985.

The interim financial information has been prepared under the historical cost convention.

b) Going concern

The interim financial information has been prepared on the assumption that the company is a going concern. The validity of this assumption is dependent on the company's ability to generate sufficient cash flow from revenues or additional borrowing or equity financing to enable it to meet its debts as they fall due for the foreseeable future. When assessing the foreseeable future the directors have considered a period of twelve months from the date of approval of the interim financial information.

Should the going concern assumption not be valid then adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for any further liabilities which might then arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

2. Accounting policies (continued)

c) Consolidation

The consolidated interim financial information includes the financial information of the company and all of its subsidiary undertakings up to 31 December 2008. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-consolidated from the date on which control ceases. Intra-group transactions and balances between group companies are eliminated on consolidation.

d) Goodwill

Purchased goodwill represents the difference between the cost of an acquired entity and the fair values of that entity's identifiable assets and liabilities. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

There is no re-instatement of goodwill that was amortised prior to transition to IFRS.

e) Property, plant and equipment

Property, plant and equipment are shown at cost less subsequent depreciation and impairment. Cost includes any incidental costs of acquisition. Depreciation on assets is calculated using the straight-line method to allocate the cost, less any residual value, of each asset over its expected useful economic life as follows:

- Development tools and equipment 4 years
- Computer equipment 4 years
- Fixtures, fittings and equipment 5 years

f) Inventories

Inventories are stated at the lower of cost or net realisable value.

g) Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows:

i) Sales of goods:
The company recognises revenue at the date that the customer's order is shipped.

ii) Sales of services:
Sales of services are recognised in the accounting period in which the services are rendered.

iii) Interest income:
Interest income is recognised on a time-proportion basis.

iv) Dividend income:
Dividend income is recognised when the right to receive payment is established.

h) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over the period of its expected benefit, not exceeding five years.

2. Accounting policies (continued)

i) Leased assets

Payments made under operating lease agreements (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

j) Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the rates of exchange ruling at the year end or at contracted rates. Exchange differences arising on foreign currency transactions are recognised in the income statement.

k) Taxation

Taxation is provided at amounts expected to be paid using rates that have been enacted or substantively enacted. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Deferred tax assets and liabilities are not discounted.

l) Pensions

Contributions to individuals' defined contribution pension schemes are recognised in the income statement in the period in which they become payable.

3. Loss per share

	6 months ended 31 December 2008 £	**6 months ended 31 December 2007 £**	**12 months ended 30 June 2008 £**
Basic			
Net loss for the period	(405,806)	(221,998)	(3,749,598)
Weighted average number of ordinary shares outstanding	393,608,023	218,608,023	251,073,776
Loss per share	**(0.10 pence)**	**(0.10 pence)**	**(1.49 pence)**

No diluted earnings per share figure has been presented as an issue of shares would decrease the net loss per share.

4. Cash utilised by operations

	6 months ended 31 December 2008 £	6 months ended 31 December 2007 £	12 months ended 30 June 2008 £
Operating loss for the period	**(405,806)**	**(197,168)**	**(3,729,641)**
Adjusted for:			
• Taxation	-	-	-
• Depreciation	2,711	2,164	4,352
• Amortisation of intangible assets	-	-	2,920,379
• Funding costs relating to convertible loan	-	-	250,000
Changes in working capital:			
• Inventories	(26,131)	(4,720)	(18,230)
• Trade and other receivables	38,307	(65,176)	1,458
• Trade and other payables	19,557	54,271	(144,568)
Cash utilised by operations	**(371,362)**	**(210,630)**	**(716,250)**

5. Cash and cash equivalents

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	As at 31 December 2008 £	As at 31 December 2007 £	As at 30 June 2008 £
Cash and cash equivalents	304,532	46,593	697,341
Bank overdraft	-	-	-
Cash and bank overdrafts	**304,532**	**46,593**	**697,341**