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If you have sold or otherwise transferred all of your Ordinary Shares, you should immediately forward this document to the purchaser or transferee or the stockholder, bank or other agent through whom the sale was effected, for onward transmission to the purchaser or transferee.

The Directors, whose names are set out on page 3 of this document, and the Company accept responsibility collectively and individually for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not affect anything likely to affect the import of such information.

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# **Knowledge Technology Solutions PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4062416)*

## **Proposed increases in authorities to issue and allot new Ordinary Shares**

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Notice of an Extraordinary General Meeting of KTS, to be held at the Company's offices, 8<sup>th</sup> Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ at 2.30 p.m. on 22 October 2007 is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned to the Company's registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham, Kent, BR3 4TU as soon as possible and in any event so as to be received by 2.30 p.m. on 20 October 2007 being 48 hours before the time appointed for the holding of the meeting. Completion and return of a Form of Proxy will not preclude a shareholder from attending and voting in person at the Extraordinary General Meeting.

Blue Oar Securities Plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for KTS and for no one else in connection with this document and will not be responsible to anyone other than KTS for providing the protections afforded to clients of Blue Oar Securities Plc nor for providing advice to any other person in relation to this document, the contents of this document nor any other matter referred to in this document.

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## DEFINITIONS

“Act”	the Companies Act 1985 (as amended)
“AIM”	AIM, a market operated by the London Stock Exchange plc
“Arcontech”	Arcontech Limited
“Board” or “Directors”	the directors of the Company whose names appear on page 3 of this document
“Company” or “KTS”	Knowledge Technology Solutions PLC
“Blue Oar”	Blue Oar Securities Plc
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 2.30 p.m. on 22 October 2007, the notice convening which is set out at the end of this document
“Ordinary Shares”	the ordinary shares of 0.1 pence each in the capital of the Company
“Proposals”	the proposals to increase the authorised share capital and authorities of the Directors to issue and allot new Ordinary Shares as described in this document
“Resolutions”	the resolutions to be proposed at the EGM
“Shareholders”	holders of issued Ordinary Shares

**LETTER FROM THE CHIEF EXECUTIVE OF THE COMPANY**  
**Knowledge Technology Solutions Plc**



*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4062416)*

*Directors:*

Richard Last (Non-executive Chairman)  
Marc Pinter-Krainer (Chief Executive)  
Michael Stewart Levy (Group Finance Director and Secretary)  
Andrew Miller (Chief Operating Officer)  
Louise Barton (Non-executive Director)

*Registered Office:*

8<sup>th</sup> Floor  
Finsbury Tower  
103-105 Bunhill Row  
London EC1Y 8LZ

28 September 2007

*To the holders of Ordinary Shares and, for information only, holders of options under the Company's 2002 Share Option Scheme and of warrants issued by the Company.*

Dear Shareholder

**Proposed increases in authorities to issue and allot new Ordinary Shares**

**Introduction**

The purpose of this document is to explain the details of and reasons for the proposals to increase the authorities of the Directors to issue new Ordinary Shares and to convene an Extraordinary General Meeting in order to seek the approval of Shareholders to the Resolutions to be proposed at the EGM required to implement the Proposals. The notice convening the EGM, at which the Resolutions will be proposed, is set out at the end of this document.

**Background to and reasons for the Proposals**

KTS is a provider of professional market information services in the finance sector. It develops and sells proprietary software and publishes financial information services across the Internet. Prior to September 2007, the Company had grown organically including introducing a number of new solutions which have been developed and designed specifically to take advantage of opportunities which the Directors anticipate will arise following the implementation within the UK of the European Markets in Financial Instruments Directive (MIFID), which will be effective in the UK from 1 November 2007.

On 4 September 2007 the Company completed the acquisition of specialist software company, Arcontech Limited. Arcontech, a wholly owned subsidiary of KTS, is an award-winning developer of software for real-time market data transmission and trading which was founded in 1979. The acquisition of Arcontech is in line with KTS' stated strategy to complement organic growth with selective acquisitions. It provides KTS with a product set which is entirely complementary to its existing display application technology and the combined group will benefit from a substantially enlarged customer base. The acquisition was conditional on the placing of 111,111,111 new ordinary shares of 0.1 pence each at a price of 0.9 pence per share ("the Placing") to raise approximately £930,000 net of expenses. The proceeds of the Placing will be used to provide additional working capital for the enlarged group. In addition, 45,000,000 shares were issued to the vendors as part of the consideration for the acquisition, taking the total number of shares issued under the Placing and the acquisition to 156,111,111.

Completion of the Placing utilised most of the Directors' authority to issue shares for cash on a non pre-emptive basis. It is for this reason that the Company is now seeking additional authorities as described in this document.

The Directors' strategy is to continue to grow the Company both organically and by selective acquisition and the Company is continuing to seek appropriate opportunities. The Company is involved in fast moving markets which have been stimulated by MIFID and the growing use of Contracts for Difference (CFDs) and spread betting. The Directors wish to have the ability to issue and allot new Ordinary Shares to take maximum advantage of these opportunities in a timely and cost effective manner. Resolutions 1, 2 and 3 are being proposed to give the Company and the Directors this authority by increasing the authorised share capital of the Company as well as extending the existing authorities under sections 80 and 89 of the Act respectively, with the result that, if approved by Shareholders, the Directors would be able to allot new Ordinary Shares of up to £300,000 in nominal value (equivalent to 300,000,000 new Ordinary Shares) for cash without the need to seek specific Shareholders' approval, which would cause delay. This will enable the Company to raise additional capital to continue to fund the working capital requirements of the Company's existing business, issue shares to incentivise key members of staff and will assist in meeting the costs of due diligence required to be undertaken in connection with any acquisition or other corporate opportunity.

The approval of Shareholders to the Resolutions would result in increases to the Directors' authorities to allot new Ordinary Shares, as follows:

	<i>Existing</i>		<i>Immediately following approval of the Resolutions</i>	
	Number	(£)	Number	(£)
Authorised Ordinary Share capital	500,000,000	500,000	1,000,000,000	1,000,000
Issued Ordinary Share capital	488,642,943	488,643	488,642,943	488,643
Authority to allot Ordinary Shares (unused S.80 authority)	3,888,889	3,889	300,000,000	300,000
Authority to allot Ordinary Shares for cash (unused S.89 authority)	3,888,889	3,889	300,000,000	300,000

### **Extraordinary General Meeting**

Set out at the end of this document is a notice convening an EGM of the Company to be held at the Company's offices, 8<sup>th</sup> Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ at 2.30 p.m. on 22 October 2007. At the EGM the Resolutions will be proposed as follows:

1. an ordinary resolution to increase the authorised share capital of the Company from £500,000 to £1,000,000 by the creation of 500,000,000 new Ordinary Shares;
2. an ordinary resolution to increase the Directors' authority pursuant to section 80 of the Act, to allot relevant securities (as defined in section 80(2) of the Act) by up to an aggregate nominal value of £300,000 (being up to 300,000,000 new Ordinary Shares); and
3. a special resolution, subject to and conditional on the passing of Resolution 2, to increase the Directors' authority to disapply the pre-emption rights provisions of section 89 of the Act in respect of the allotment of new Ordinary Shares for cash by an aggregate nominal value of up to £300,000 (being up to 300,000,000 new Ordinary Shares).

### **Action to be taken**

You will find enclosed with this document a form of proxy in respect of the EGM. Whether or not you propose to attend the EGM in person, you are asked to complete the form of proxy and return it to the Company's registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham, Kent, BR3 4TU so as to arrive as soon as possible, but in any event, so as not to be received any later than 2.30 p.m. on 20 October 2007. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person if you wish.

**Recommendation**

The Directors, having consulted Blue Oar Securities, the Company's nominated adviser and broker, consider the Proposals to be in the best interests of the Company and its Shareholders as a whole. Your Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the EGM as they have undertaken to do in respect of their own beneficial holdings which, in aggregate amount to 73,400,960 Ordinary Shares representing approximately 15.02 per cent. of the Company's issued ordinary share capital.

Yours faithfully

**Marc Pinter-Krainer**  
Chief Executive

# KNOWLEDGE TECHNOLOGY SOLUTIONS PLC

(Company Number 4062416)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Knowledge Technology Solutions PLC (the "Company") will be held at the Company's offices, 8<sup>th</sup> Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 22 October 2007 at 2.30 p.m. to consider, and if thought fit, pass the following Ordinary and Special Resolutions specified below:

THAT the following resolution be considered as an Ordinary Resolution:

1. **THAT** the authorised share capital of the Company be increased from £500,000 to £1,000,000 by the creation of 500,000,000 new ordinary shares of 0.1 pence each.

THAT the following resolution be considered as an Ordinary Resolution:

2. **THAT** in substitution for all existing authorities, for the purposes of section 80 of the Companies Act 1985 as amended (the "Act") and so that any expressions used in this resolution shall, where relevant, bear the same meanings as in section 80 of the Act, the Directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot and grant rights to subscribe for, or to convert into shares, relevant securities of the Company up to an aggregate nominal value equal of up to £300,000 to such persons and at such times and on such terms as they think proper provided that this authority shall expire on the day falling fifteen months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in calendar year 2008 (whichever is the later) unless previously revoked, varied or extended by the Company in general meeting; and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the Directors may allot relevant securities in pursuance of any such an offer or agreement notwithstanding the expiry of the authority given by this resolution.

THAT the following resolution be considered as a Special Resolution:

3. **THAT** subject to and conditional upon the passing of resolutions 1 and 2 above, the Directors be and are empowered, pursuant to section 95(1) of the Act, to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority under section 80 of the Act conferred by resolution 2 above, as if section 89(1) of the Act did not apply to any such allotment, such power to expire on the day falling fifteen months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in calendar year 2008 (whichever is the later) unless previously revoked, varied or extended by the Company in general meeting, and provided that such power shall be limited to the allotment of equity securities having an aggregate nominal value of up to £300,000 save that the Company may at any time prior to the expiry of such power make an offer or enter into an agreement (subject to the foregoing limitations) which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities (subject to the foregoing limitations) in pursuance of such an offer or agreement as if such power had not expired.

By Order of the Board

.....  
Michael Levy  
Secretary

*Registered Office:*  
8<sup>th</sup> Floor  
Finsbury Tower  
103-105 Bunhill Road  
London  
EC1Y 8LZ

Dated: 26 September 2007

**Notes:**

1. Any member who is entitled to attend and vote at this meeting is entitled to appoint one or more persons as proxies to attend, speak and vote on their behalf. A proxy need not be a member of the Company.
2. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company 48 hours before the time appointed for the meeting or any adjournment thereof, shall be entitled to attend, speak or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of securities less than 48 hours before the time appointed for the proposed meeting or, any adjournment thereof, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting. A form of proxy is provided with this notice. To be valid, a form of proxy together with any power of attorney or other authority under which it is executed or a copy thereof certified notarially or in accordance with the Power of Attorney Act 1971 or as the Directors shall accept must be lodged with the Capita Registrars, Proxies Department, The Registry, 34 Beckenham, Kent, BR3 4TU, so as to arrive not later than 48 hours before the start of the meeting. Completion of the form of proxy will not affect the right of a member to attend, speak and vote at the meeting.
3. The register of Directors' share interests will be available for inspection at the meeting convened by this notice, as will the Directors' service contracts.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and seniority shall be determined by the order in which their names stand on the register of members of the Company.

**KNOWLEDGE TECHNOLOGY SOLUTIONS PLC**  
*(Company Number 4062416)*  
**NOTICE OF EXTRAORDINARY GENERAL MEETING - PROXY**

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I/We ..... of .....being (a) member(s) of the above-named Company hereby appoint the Chairman of the meeting (Note 3) or, failing him/her, .....as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at the Company offices at 8<sup>th</sup> Floor, Finsbury Tower, 103-105 Bunhill Row, London EC14 8LZ on 22 October 2007 at 2.30 p.m. and at any adjournment thereof, and to vote as directed below or, if there is no such direction, as he sees fit.

Dated ..... 2007

Signature(s) .....

Print Name .....

This form is to be used in respect of the Resolutions mentioned below as follows:

		FOR	AGAINST
Resolution 1	Increase in authorised share capital		
Resolution 2	Authority to allot shares pursuant to section 80 Companies Act 1985		
Resolution 3	To disapply the pre-emption rights provisions of section 89 of the Companies Act 1985 in respect of the allotment of ordinary shares for cash		

**Notes:**

1. Please indicate with an "X" in the appropriate boxes how you wish your proxy to vote. Unless otherwise directed the proxy will vote or abstain as he or she thinks fit.
2. If you do not indicate how you wish your proxy to vote, your proxy will exercise his/her discretion as to whether, and if so how, he/she votes. Your proxy may also vote or abstain from voting as he/she thinks fit on any other business which may properly come before the meeting including on any permissible amendment to the resolutions set out in the notice of meeting.
3. A proxy need not be a member of the Company. A member may appoint a proxy of his/her own choice. If you wish to appoint someone else other than the Chairman as proxy please delete the words "the Chairman of the meeting" and insert the name of the person whom you wish to appoint in the space provided. The Chairman of the meeting will act as your proxy, whether or not such deletion is made, if no other name is inserted.

4. In the case of joint registered holders the signature of one holder on the form of proxy will be accepted by the vote of the senior who tenders a vote whether in person or by proxy to the exclusion of the votes of any joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holdings.
5. In the case of a corporation the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.
6. Any alteration made to the form of proxy should be initialled.
7. This form of proxy should be signed and dated.
8. Completion and return of the form of proxy will not affect the right of a member to attend, speak and vote at the meeting.
9. To be effective, this form of proxy, together with any power of attorney or any other authority (if any) under which it is executed, or a copy of such power of attorney or other authority, certified notarially, must be lodged with Capita Registrars, Proxies Department, The Registry, 34 Beckenham, Kent, BR3 4TU, not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting at which it is to be used.