

Company Knowledge Technology Solutions PLC
TIDM KTS
Headline Final Results
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**KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2006**

Knowledge Technology Solutions PLC (AIM: KTS), provider of market information services in the finance sector, reports its unaudited results for the year ended 30 June 2006.

Financial and business highlights:

- · Turnover increased to £1.4m (2005: £1.25m)
- · Group loss before tax of £1.0m (2005: £1.0m)
- · Currently undertaking share placings to raise up to £1.8m in additional working capital
- · Launched MarketTerminal ON-SITE, a bespoke service for major investment banks
- · Adding Plus Markets and Virt-X coverage to standard MarketTerminal subscription
- · In October 2006, signed first stockbroker client for MarketTerminal Mobile Messenger

Dr Marc Pinter-Krainer, Chief Executive of Knowledge Technology Solutions, said:

“Following an encouraging initial response from prospective clients for both MarketTerminal ON-SITE and from our MiFID initiatives we expect to report further revenue progress this trading year. Together with improved financial results from our existing MarketTerminal subscription business, this should strengthen our trading performance in the future.”

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Chief Executive's review

During the year, sales increased resulting in a year-end turnover of £1.4 million, an increase of 12% compared with the previous year (2005: £1.25m). Pre-tax losses of £1.0 million are similar to the losses for the previous year. Going forward, we expect to strengthen our trading performance by focusing MarketTerminal on domestic markets. Accordingly, we will be discontinuing overseas exchange coverage from 1 January 2007, from which we expect to generate an estimated net saving in excess of £0.5 million per annum.

Last year there was sustained competition among desktop data providers which led to KTS introducing a new company strategy aimed at building a broader, higher margin revenue base. KTS's new strategy will be focussed more specifically on the strength and flexibility of our proprietary technology and will capitalise on the positive reputation gained by KTS's principal business as a provider of a professional market data display application.

I am pleased to report in the year under review we have made considerable progress in the delivery of this new strategy, particularly in two new high growth markets.

The first high growth market is driven by demand from global investment banks to have a customised viewing application that improves the interface between their own internally originated and derived information and the external data and prices sourced from a plethora of third party suppliers.

To address this need we have introduced a new product branded MarketTerminal ON-SITE. This uses the same proprietary technology platform as MarketTerminal and integrates seamlessly with the bank's existing infrastructure. It is being sold on a licence model and aimed at a new market for KTS – mid-tier users within major international investment banks operating in the City of London.

Our MarketTerminal ON-SITE highly-tailored solution offers banks far greater control over the presentation and manipulation of their own data, and also considerable cost savings by reducing their dependence on the large data vendors supplying this market.

To date, the response to MarketTerminal ON-SITE has been very encouraging. We are now at an advanced stage with several banks, including having successfully completed a 'proof of concept' phase with one global investment bank.

There is also significant interest from other banks, albeit at an earlier stage. Banks are responding positively to our proposition, and are welcoming a new competitor that challenges the dominance of larger established vendors such as Reuters.

The commercial revenue model for MarketTerminal ON-SITE is based on initially granting the bank a technology licence for a one-off fee. We expect to also generate annually recurring maintenance fees, together with a professional services revenue stream arising from consultancy, customisation and support activities.

The second new market where we can report progress is in the creation of specific solutions addressing the market requirements arising from the planned introduction of MiFID. MiFID is an EU directive aimed at creating transparency throughout the European Union for market participants dealing in securities and is expected to become law from 1 November 2007.

Our response to MiFID has been to design particular solutions that assist market participants in securing the maximum business benefit and comply with its introduction next year. We know this new market well, having actively participated in MiFID implementation forums over the last 15 months. Accordingly, our MiFID solutions, all available on MarketTerminal, are designed to help users commercially benefit from its introduction, and also be intuitive to use. For example, we have added to MarketTerminal the ability to concurrently display quotes or orders from multiple transaction venues, and easy-to-use functionality that analyses post-trade transactions.

To further capitalise on MiFID and other opportunities, the Company has recently announced that it has raised £242,571 by way of a placing of new ordinary shares in order to provide additional working capital. The Company is currently in the process of undertaking a further placing of new ordinary shares for cash to raise up to £1.6 million, details of which are expected to be announced shortly.

The new MiFID solutions are not the only additions to MarketTerminal. In July, in collaboration with Microsoft, Hewlett-Packard and T-Mobile we launched MarketTerminal Mobile Messenger, a new real-time financial information service accessed from a mobile-connected Personal Digital Assistant.

We believe this product will be increasingly important in helping retain existing MarketTerminal users, many of whom now require live market data, news, analytics and email access while out of the office. A new stockbroker client was signed up in October 2006 as a direct result of MarketTerminal Mobile Messenger's introduction.

As part of our focus on the UK, from early next year we will be adding real-time equity prices, news and other company data from two exchanges (Virt-x and Plus Markets) that are becoming increasingly established within the UK trading community. Virt-x and Plus Markets will be added to MarketTerminal at no additional subscription costs to users.

Outlook

Following an encouraging initial response from prospective clients for both MarketTerminal ON-SITE and from our MiFID initiatives, we expect to report further revenue progress this trading year. Together with improved financial results from our existing MarketTerminal subscription business, this should strengthen our trading performance in the future.

Marc Pinter-Krainer
Chief Executive
4 December 2006

**Consolidated Profit and Loss Account
For the year ended 30 June 2006**

	Note	Year ended 30 June 2006	Year ended 30 June 2005
		£	£
Turnover	1	1,417,063	1,250,474
Distribution costs		(1,316,988)	(1,192,594)
Administrative costs		(1,170,498)	(1,119,527)
Operating loss		(1,070,423)	(1,061,647)
Interest receivable		54,257	95,111
Loss on ordinary activities before taxation		(1,016,166)	(966,536)
Taxation	2	-	-
Loss on ordinary activities after taxation		(1,016,166)	(966,536)
Dividends	3	-	-
Retained loss for the year		(1,016,166)	(966,536)
Loss per share	4	(0.69)p	(0.65)p
Diluted loss per share	4	(0.69)p	(0.65)p

All of the results relate to continuing operations.

There are no recognised gains or losses other than the loss for the year.

**Consolidated Balance Sheet
As at 30 June 2006**

	30 June 2006	30 June 2005
	£	£
Fixed assets		
Tangible assets	158,527	180,027
Investments	-	-
	<u>158,527</u>	<u>180,027</u>
Current assets		
Debtors	229,059	162,926
Cash at bank and in hand	961,878	1,716,053
	<u>1,190,937</u>	<u>1,878,979</u>
Creditors: amounts falling due within one year	(562,723)	(256,099)
Net current assets	<u>628,214</u>	<u>1,622,880</u>
Net assets	<u>786,741</u>	<u>1,802,907</u>
Capital and reserves		
Called up share capital	148,275	148,275
Share premium account	4,777,574	4,777,574
Profit and loss account	<u>(4,139,108)</u>	<u>(3,122,942)</u>
Equity shareholders' funds	<u>786,741</u>	<u>1,802,907</u>

Approved on behalf of the board on 4 December 2006 by:

Marc Pinter-Krainer
Chief Executive Officer

Michael Levy
Group Finance Director

**Consolidated Cash Flow Statement
For the year ended 30 June 2006**

	Year ended 30 June 2006	Year ended 30 June 2005
	£	£
Net cash outflow from operating activities	(778,952)	(1,027,646)
Returns on investments and servicing of finance		
Interest received	54,257	95,111
Net cash inflow from returns on investments and servicing of finance	54,257	95,111
Taxation		
Corporation tax refund	-	-
Net cash inflow from taxation	-	-
Purchase of tangible fixed assets	(29,480)	(65,645)
Net cash outflow from capital expenditure and financial investment	(29,480)	(65,645)
Net cash outflow before financing	(754,175)	(998,180)
Financing		
Issue of share capital	-	11,700
Expenses paid in connection with share issues	-	-
Net cash inflow from financing	-	11,700
Decrease in cash in the year	(754,175)	(986,480)

All cash flows relate to continuing operations.

Notes to the Preliminary Statement

1 Turnover

Turnover is attributable to the principal activities of the Group being the sale of real-time data and analysis services, together with advertising and sponsorship revenue. All turnover arises within the UK.

Income is recognised over the contract period.

2 Taxation on loss on ordinary activities

As a result of the losses available, no liability to UK corporation tax arose on the ordinary activities for the year ended 30 June 2006.

3 Dividends

The Directors do not recommend the payment of a dividend.

4 Loss per ordinary share

The loss per Ordinary Share has been calculated by dividing the loss on ordinary activities after tax attributable to shareholders by 148,274,732 (2005: 148,256,472), being the weighted average number of Ordinary Shares in issue during the year, which carry the right to receive a dividend.

5 Post balance sheet events

There were no events since the balance sheet date, which materially affect the position of the Group.

6 Annual report and accounts

The foregoing financial information does not amount to full accounts within the meaning of Section 240 of the Companies Act 1985 and has not been reported on but has been agreed with the Company's auditors. The Annual Report and Accounts will be filed at Companies House following the Annual General Meeting and will be posted to shareholders shortly. Copies will be available from the Company Secretary at 8th Floor, Finsbury Tower, 103-105 Bunhill Row, London, EC1Y 8LZ.

7 Annual General Meeting

The AGM will be held at the offices of Corporate Synergy Plc, 30 Old Broad Street, London EC2N 1HT, on 29 December 2006 at 12.30 pm.

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