

Company Knowledge Technology Solutions PLC
TIDM KTS
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**KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2004**

Knowledge Technology Solutions PLC ("KTS"), the independent provider of real-time market data services, announces its preliminary results for a year in which the Company has seen significant revenue growth.

Financial and business highlights:

- Month-on-month increase in recurring revenues, currently running at £1.2m annualised, an increase of 140% over the past twelve months, incorporating sales from newly-launched MarketTerminal
- Overall group turnover up 379% to £770,185 (2003: £160,708)
- Group loss before tax of £940,161 reflecting continued strengthening of sales and technical teams to support MarketTerminal roll-out and extended exchange coverage
- Strong cash balance of £2.7m
- Gavin Casey, former Chief Executive of the London Stock Exchange, joined Board as non-executive Chairman

QuoteTerminal:

- Rapidly-increasing acceptance and familiarity in marketplace - now installed in 110 client organisations
- High quality recurring revenues from QuoteTerminal increasing month-on-month

MarketTerminal:

- Sales already underway following successful completion and service introduction in May
- MarketTerminal now offering fast and flexible access to comprehensive data and news for securities listed on LSE, LIFFE, Euronext, Deutsche Boerse, Xetra, Irish Stock Exchange, Stockholm, Oslo, Copenhagen, Helsinki, Madrid, Milan, NYSE, NASDAQ and AMEX
- North American and European exchange information coverage now substantially complete

Outlook:

- Clear focus on future profitability and are now well positioned to further increase service revenues leveraging on existing products and strengthened sales team

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

"In a year of progress, KTS now has two fully-developed live financial data and news services based on common technologies, and a shared sales, marketing and customer support platform. This allows us to expand our exchange coverage without incurring new infrastructure development costs. The services have been well received in the market and it is our aim to maximise revenues from them and continue to focus on future profitability. We look forward with optimism to the year ahead."

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Chief Executive's Review

Overview

Knowledge Technology Solutions PLC (KTS) has made significant progress in the year to 30 June 2004. Development of MarketTerminal, our international financial data and news service, has been successfully completed. Sales of QuoteTerminal, our UK-only financial data and news service, continue to grow with the service now increasingly well established among its target market of banks, stockbrokers and other financial professionals.

During the year, recurring revenues have increased month-on-month and are currently running at an annualised rate of £1.2million, an increase of 140% over the past twelve months. Despite only launching in May, sales of MarketTerminal have already begun and are incorporated in the annualised revenues. Overall Group turnover rose to £770,185, a 379% increase on the previous year (2003: £160,708). Group loss before tax was £940,161 (2003: £705,651), reflecting our continued investment in the development of MarketTerminal as well as considerable strengthening of the sales and technical support teams. While increasing our development spend, we continue to remain firmly in control of operating expenses, and are pleased to have maintained a highly efficient and focused team.

Our cash balance remains strong and, following a successful fundraising in May which raised £1.9 million net of expenses, at 30 June 2004 stood at £2.7million. A stronger balance sheet has been an important factor in being able to market our services to national and international institutions who are reassured by our financial security.

We have continued to invest in our unique technology, and as in previous years, we follow best practice in the IT industry by writing off development costs as incurred and not valuing them on the Balance Sheet.

As previously announced, Paul McGroary and Smit Berry, non-executive directors, departed the board to pursue other business interests, while Gavin Casey, former Chief Executive of the London Stock Exchange, joined as non-executive Chairman.

MarketTerminal

Early in 2004 a number of organisations among our target client base of international financial institutions with significant London operations trialled MarketTerminal. We received favourable responses to the trials because of the comprehensive content and ease of use. Like its sister service QuoteTerminal, MarketTerminal is based on our "zero-client" application service technology that does not require users to install any infrastructure, hardware or software. The associated ease of deployment, maintenance and low cost of ownership appeals to clients when our service is compared to competing market data applications offered by incumbent suppliers. Other initial customer feedback welcomed MarketTerminal's flexible accessibility allowing users to access the service from any Internet enabled PC, laptop or handheld device worldwide.

Following the trials, the service was successfully introduced in May at 'Dealing with Technology', a key market data industry event. MarketTerminal is a service aimed at clients with international market data requirements, and therefore on launch its coverage included data from The New York Stock Exchange (NYSE), NASDAQ, American Stock Exchange (Amex), London Stock Exchange, London International Financial Futures and Options Exchange (LIFFE), Euronext, Deutsche Boerse, Irish Stock Exchange and Xetra. Since launch we have added the Stockholm, Oslo,

Copenhagen, Helsinki, Madrid and Milan exchanges as part of our goal to ultimately provide global exchange coverage. As we continue to expand the exchange coverage, we increase the addressable market size for sales.

As a result of the strength of our technology, we are benefiting from a continued increase in popularity of live market data services that require the installation of little or no IT infrastructure or software at the client's site. MarketTerminal, like QuoteTerminal, is positioned to capitalise on this demand.

Initial customer feedback on MarketTerminal has shown that the service is competitive and is appealing to our target market. From the experience of marketing QuoteTerminal, we have anticipated that sales leads, especially to larger institutions with existing providers, will take time to convert into actual sales because of their requirement to honour existing contracts, some of which only renew bi-annually.

QuoteTerminal

QuoteTerminal, based on the same unique technology as MarketTerminal, continues to attract substantial interest and we have been pleased to announce a host of new customers in the twelve months under review. Among others, City stockbrokers Seymour Pierce, Hoodless Brennan, Sky Capital and City Equities have joined our list of subscribers. Our total customer base for QuoteTerminal has now risen to over 110 separate organisations.

With the high levels of customer satisfaction, shareholders will be pleased to know that our retention rate for QuoteTerminal customers is high, with user cancellations totalling less than 10% over the past two years.

Outlook

In a year of progress, KTS now has two fully-developed live financial data and news services based on common technology, and a shared sales, marketing and customer support platform. This allows us to expand our exchange coverage without incurring new infrastructure development costs. The services have been well received in the market and it is our aim to maximise revenues from them and continue to focus on future profitability.

Integral to the Company's advance towards profitability is our re-shaped sales team and as part of this reorganisation I have taken overall responsibility for sales. In addition, we have assembled a very capable technical team to support QuoteTerminal as well as the roll-out of MarketTerminal and its extended exchange coverage.

Our future sales are predicated on securing additional subscriptions from our existing client base and from an active sales and marketing programme for both services to new customers. We look forward with optimism to the year ahead.

Marc Pinter-Krainer
Chief Executive
12 October 2004

*MarketTerminal is a registered trademark

**Consolidated Profit and Loss Account
For the year ended 30 June 2004**

	Note	Year ended 30 June 2004	Year ended 30 June 2003
		£	£
Turnover	1	770,185	160,708
Distribution costs		(686,722)	(303,031)
Administrative costs		(1,062,895)	(572,949)
Operating loss		(979,432)	(715,272)
Interest receivable		39,271	9,621
Loss on ordinary activities before taxation		(940,161)	(705,651)
Taxation	2	92,071	41,837
Loss on ordinary activities after taxation		(848,090)	(663,814)
Dividends	3	-	-
Retained loss for the year		(848,090)	(663,814)
Loss per share	4	(0.71)p	(0.73)p
Diluted loss per share	4	(0.71)p	(0.73)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 2004

	2004	2003
	£	£
Fixed assets		
Tangible assets	175,677	184,949
Investments	-	-
	<u>175,677</u>	<u>184,949</u>
Current assets		
Debtors	113,586	89,004
Cash at bank and in hand	2,702,533	439,245
	<u>2,816,119</u>	<u>528,249</u>
Creditors: amounts falling due within one year	(234,053)	(102,065)
Net current assets	<u>2,528,066</u>	<u>426,184</u>
Net assets	<u>2,757,743</u>	<u>611,133</u>
Capital and reserves		
Called up share capital	148,015	109,256
Share premium account	4,766,134	1,810,193
Profit and loss account	(2,156,406)	(1,308,316)
Equity shareholders' funds	<u>2,757,743</u>	<u>611,133</u>

Approved on behalf of the board on 12 October 2004 by:

Marc Pinter-Krainer
 Chief Executive Officer

Michael Levy
 Group Finance Director

**Consolidated Cash Flow Statement
For the year ended 30 June 2004**

	Year ended 30 June 2004	Year ended 30 June 2003
	£	£
Net cash outflow from operating activities	(809,156)	(630,020)
Returns on investments and servicing of finance		
Interest received	39,271	9,621
Net cash inflow from returns on investments and servicing of finance	39,271	9,621
Taxation		
Corporation tax refund	92,071	41,837
Net cash inflow from taxation	92,071	41,837
Purchase of tangible fixed assets	(53,598)	(181,712)
Net cash outflow from capital expenditure and financial investment	(53,598)	(181,712)
Net cash outflow before financing	(731,412)	(760,274)
Financing		
Issue of share capital	3,123,019	856,000
Expenses paid in connection with share issues	(128,319)	(22,555)
Net cash inflow from financing	2,994,700	833,445
Increase in cash in the year	2,263,288	73,171

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 2004.

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 119,973,753 (2003: 91,292,074), being the weighted average number of Ordinary Shares in issue during the year, which carry the right to receive a dividend. As a result of the loss for the year there is no difference between the basic and diluted loss per share.

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 Wembley Point, 1 Harrow Road, Wembley, Middlesex HA9 6DE.

7 Annual General Meeting

The AGM will be held at KBC Peel Hunt Ltd, 111 Old Broad Street, London EC2N 1PH, on 25 November 2004 at 5.15 p.m.