



12 October 2005

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2005

Knowledge Technology Solutions PLC (“KTS”), the independent provider of real-time market data services, announces its preliminary results for the year ended 30 June 2005.

Financial and business highlights:

- Turnover up 62% to £1.25 million (2004: £770,185)
- Group loss before tax of £966,536 (2004: £940,161)
- Cash position of £1.7 million
- KTS MarketTerminal with O2 service launched in April, providing mobile access to essential international market data and news
- Sales achieved by overseas market data services reseller, broadening international distribution network
- In discussions with several large stockbrokers to provide MarketTerminal under their own brand

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

“We are pleased to have continued to grow sales and improve our service to customers. We recognise, however, that vigorous competition among desktop data applications providers has created a tough trading environment, which we are responding to by pursuing a strategy to broaden and deepen KTS’s share of the market. Whilst this difficult environment has reduced our expectations for next year, moving towards profitability remains of paramount importance, and revenues from additional growth opportunities will help accelerate progress in this regard.”

Enquiries, please contact:

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Chief Executive's Review

KTS has made further progress in the year to 30 June 2005. Revenues from our international and UK-only financial news and data services have grown steadily from our install base, now more than 130 separate organisations. These range from investment banks and stockbrokers to legal practices and financial media organisations. However, market conditions for desktop market data display applications have been challenging and the Board has been pursuing additional new growth activities and business partnerships to complement income from desktop subscriptions.

During the year, sales increased month-on-month resulting in a year-end turnover of £1.25m, an increase of 62% compared with the previous year (2004: £770,185). We have continued to work to contain costs, and are pleased that group losses before tax of £966,536 were broadly in line with 2004's (2004: £940,161). The small increase in loss for the year resulted from stepping up investment in our technical and customer support headcount and meeting the cost of international data and news feeds associated with our premium service MarketTerminal. Careful cost management has allowed our cash position of £1.7m to remain strong, however.

As in previous years, we have maintained accounting best practice by writing off research and development costs as incurred.

We have continued to improve the functionality of both QuoteTerminal and MarketTerminal. New content added to our international service includes extensive foreign exchange data provided by ComStock Europe. With the standard MarketTerminal subscription, users can now access live prices and exchange rates for more than 170 currencies, including spot and forward rates as well as historical prices.

Looking ahead, we are eager to focus on the intrinsic strengths of our technology, which is very flexible and adaptable and requires little or no input from clients when rolled out to individual desktops. Over the next 12 months we will be targeting new corporate clients with a strongly tailored MarketTerminal service that meets precisely their individual needs. For example, if clients require data and live prices from a particular exchange, or wish to have additional functionality, we can provide these at an agreed fee. We expect this approach to reduce our fixed data and exchange feed costs, while providing clients with a stronger, more bespoke, service.

Another measure to boost revenues includes expanding our sales reach by using market data services resellers. We have already had success with resellers after achieving sales with third party distributors in Turkey. Following our positive experiences in Turkey we are seeking to broaden our international distribution network to include other European countries. MarketTerminal inherently lends itself very well to this approach as it is internet-delivered, browser-based and requires no download or installation.

Again, via partnerships, we are in discussions with several large private client and institutional stockbrokers to provide MarketTerminal under their own brand name. This approach offers the opportunity to reach a far wider user base, while offering little risk or cost to KTS.

The benefits from partnerships can be seen through collaboration with O2. Launched in April, the KTS MarketTerminal with O2 service provides mobile access to essential international market data and news delivered via O2's "always on" GPRS, 3G and WLAN data connections. We are pleased to report a growing number of sales enquiries for this service.

Outlook

We are pleased to have continued to grow sales and improve our service to customers. We recognise, however, that vigorous competition among desktop data applications providers has created a tough trading environment, which we are responding to by pursuing a strategy to broaden and deepen KTS's share of the market. Whilst this difficult environment has reduced our expectations for next year, moving towards profitability remains of paramount importance, and revenues from additional growth opportunities will help accelerate progress in this regard.

Marc Pinter-Krainer
Chief Executive
11 October 2005

**Consolidated Profit and Loss Account
For the year ended 30 June 2005**

	Note	Year ended 30 June 2005	Year ended 30 June 2004
		£	£
Turnover	1	1,250,474	770,185
Distribution costs		(1,192,594)	(686,722)
Administrative costs		(1,119,527)	(1,062,895)
Operating loss		(1,061,647)	(979,432)
Interest receivable		95,111	39,271
Loss on ordinary activities before taxation		(966,536)	(940,161)
Taxation	2	-	92,071
Loss on ordinary activities after taxation		(966,536)	(848,090)
Dividends	3	-	-
Retained loss for the year		(966,536)	(848,090)
Loss per share	4	(0.65)p	(0.71)p
Diluted loss per share	4	(0.65)p	(0.71)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 2005

	2005	2004
	£	£
Fixed assets		
Tangible assets	180,027	175,677
Investments	-	-
	<u>180,027</u>	<u>175,677</u>
Current assets		
Debtors	162,926	113,586
Cash at bank and in hand	1,716,053	2,702,533
	<u>1,878,979</u>	<u>2,816,119</u>
Creditors: amounts falling due within one year	(256,099)	(234,053)
Net current assets	<u>1,622,880</u>	<u>2,528,066</u>
Net assets	<u>1,802,907</u>	<u>2,757,743</u>
Capital and reserves		
Called up share capital	148,275	148,015
Share premium account	4,777,574	4,766,134
Profit and loss account	(3,122,942)	(2,156,406)
Equity shareholders' funds	<u>1,802,907</u>	<u>2,757,743</u>

Approved on behalf of the board on 11 October 2005 by:

Marc Pinter-Krainer
 Chief Executive Officer

Michael Levy
 Group Finance Director

**Consolidated Cash Flow Statement
For the year ended 30 June 2005**

	Year ended 30 June 2005	Year ended 30 June 2004
	£	£
Net cash outflow from operating activities	(1,027,646)	(809,156)
Returns on investments and servicing of finance		
Interest received	95,111	39,271
Net cash inflow from returns on investments and servicing of finance	95,111	39,271
Taxation		
Corporation tax refund	-	92,071
Net cash inflow from taxation	-	92,071
Purchase of tangible fixed assets	(65,645)	(53,598)
Net cash outflow from capital expenditure and financial investment	(65,645)	(53,598)
Net cash outflow before financing	(998,180)	(731,412)
Financing		
Issue of share capital	11,700	3,123,019
Expenses paid in connection with share issues	-	(128,319)
Net cash inflow from financing	11,700	2,994,700
(Decrease)/Increase in cash in the year	(986,480)	2,263,288

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 2005.

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 148,256,472 (2004: 119,973,753), 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 8th Floor, Finsbury Tower, 103-105 Bunhill Row, London, EC1Y 8LZ.

7 Annual General Meeting

The AGM will be held at KBC Peel Hunt Ltd, 111 Old Broad Street, London EC2N 1PH, on 28 November 2005 at 9.00 a.m.