



RNS Release

23 March 2005

Interim results for the six months ended 31 December 2004

Knowledge Technology Solutions PLC (KTS), provider of professional financial information services, reports its unaudited results for the six months to 31 December 2004.

Financial and business highlights:

- Turnover up 92% to £572,283 (2003: £298,323)
- Following continued investment in research & development and additional exchange coverage, losses before tax of £419,898 (2003: £432,656)
- Strong cash position of £2.3 million (2003: £1.1 million)
- Total number of client organisations now stands at 130
- Accessibility and ease of use continue to stimulate client demand for KTS QuoteTerminal and KTS MarketTerminal

Dr. Marc Pinter-Krainer, Chief Executive of KTS, said:

“We have delivered strong revenue growth in the first six months reflecting the increasing penetration of KTS QuoteTerminal and KTS MarketTerminal. Our commitment to customers and improving our services means we are confident of continued growth in client numbers in the second half.”

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Chief Executive's Statement

KTS has made further good progress in the first half of the year, including a doubling of client organisations subscribing to the professional financial market data services KTS QuoteTerminal and KTS MarketTerminal.

As a consequence of this growth, turnover in the period reviewed rose by 92% to £572,283 (2003: £298,323). The increase in turnover reflects the growing subscriber base, which now stands at more than 130 organisations.

Losses before tax on ordinary activities were £419,898 (2003: £432,656) reflecting continued investment in our technology, extended exchange coverage and service enhancements. Our cash position remains strong at £2.3 million (2003: £1.1 million).

Both our services have seen a considerable number of refinements and new functions. New content has been added as part of the standard subscription fee, including news from AFX International Focus on KTS MarketTerminal, and AFX UK Focus news on KTS QuoteTerminal.

Also new to KTS QuoteTerminal is data on the performance of funds from leading provider Financial Express. Subscribers can now access information on more than 8,000 funds including Unit Trusts and Open Ended Investment Companies.

Development by our expanded technical team, headed by Stuart Calder, has included new bespoke versions of KTS MarketTerminal that will operate on handheld platforms including wireless Personal Digital Assistants (PDAs) such as the Blackberry.

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

In addition to improving our technology base and services, we have established a customer service team.

The main attraction of KTS MarketTerminal and KTS QuoteTerminal is that they are very user-friendly and require no installation of infrastructure, hardware or software. They are based on our "zero-client" application service technology and consequently are simplicity itself to deploy. The cost of ownership and ongoing support is attractive when compared to competing market data suppliers, and the application service is easily accessible from any location. These factors continue to stimulate increased client interest in our services.

Following his involvement with KTS as non-executive chairman since 2003, Gavin Casey has indicated that he is looking to reduce his current commitments and as part of this he has advised the board that he intends to step down in due course. At the same time we are seeking an independent director to join the board. Gavin's skills and experience have been greatly appreciated and we extend our warm thanks and wish Gavin well for the future.

Outlook

We have delivered strong revenue growth in the first six months reflecting the increasing subscription levels of KTS QuoteTerminal and KTS MarketTerminal. Our commitment to customers and improving our services means we are confident of continued growth both in client numbers and revenues in the second half.

Dr. Marc Pinter-Krainer
Chief Executive
23 March 2005

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

	Notes	Period ended 31 December 2004 (unaudited) £	Period ended 31 December 2003 (unaudited) £	Year ended 30 June 2004 (audited) £
Turnover	3	572,283	298,323	770,185
Distribution costs		(529,795)	(289,443)	(686,722)
Administrative costs		(519,787)	(455,606)	(1,062,895)
Operating loss		(477,299)	(446,726)	(979,432)
Interest receivable		57,401	14,070	39,271
Loss on ordinary activities before taxation		(419,898)	(432,656)	(940,161)
Taxation on loss on ordinary activities	4	-	-	92,071
Loss on ordinary activities after taxation		(419,898)	(432,656)	(848,090)
Dividends	5	-	-	-
Retained loss		(419,898)	(432,656)	(848,090)
Basic earnings per ordinary share	6	(0.28)p	(0.38)p	(0.71)p
Diluted earnings per ordinary share	6	(0.28)p	(0.38)p	(0.71)p

All of the results relate to continuing operations.

There are no recognised gains and losses other than the loss for the period.

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	As at 31 December 2004 (unaudited) £	As at 31 December 2003 (unaudited) £	As at 30 June 2004 (audited) £
Fixed assets				
Tangible fixed assets		194,952	181,923	175,677
Current assets				
Debtors		162,419	142,727	113,586
Cash at bank and in hand		2,270,839	1,107,486	2,702,533
		2,433,258	1,250,213	2,816,119
Creditors: amounts falling due within one year		(278,665)	(178,417)	(234,053)
		2,154,593	1,071,796	2,528,066
Net current assets		2,154,593	1,071,796	2,528,066
Total assets less current liabilities		2,349,545	1,253,719	2,757,743
Capital and reserves				
Called up share capital		148,275	119,443	148,015
Share premium account		4,777,574	2,875,248	4,766,134
Profit and loss account		(2,576,304)	(1,740,972)	(2,156,406)
Equity shareholders' funds	9	2,349,545	1,253,719	2,757,743

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

	Period ended 31 December 2004 (unaudited) Notes	Period ended 31 December 2003 (unaudited) £	Year ended 30 June 2004 (audited) £	
Net cash outflow from operating activities	7	(449,842)	(392,503)	(809,156)
Returns on investment and servicing of finance				
Interest received		57,401	14,070	39,271
Net cash inflow from returns on investments and servicing of finance		57,401	14,070	39,271
Taxation				
Corporation tax refund		-	-	92,071
Net cash inflow from taxation		-	-	92,071
Capital expenditure				
Purchase of tangible fixed assets		(50,953)	(28,568)	(53,598)
Net cash outflow from capital expenditure and financial investment		(50,953)	(28,568)	(53,598)
Net cash outflow before financing		(443,394)	(407,001)	(731,412)
Financing				
Issue of share capital		11,700	1,123,018	3,123,019
Expenses paid in connection with share issues		-	(47,776)	(128,319)
Net cash inflow from financing		11,700	1,075,242	2,994,700
(Decrease)/Increase in cash	8	(431,694)	668,241	2,263,288

All cash flows relate to continuing operations.

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS
ENDED 31 DECEMBER 2004

1 Basis of preparation

The interim financial information in respect of the six months ended 31 December 2004 is unaudited and has been prepared on the basis of the accounting policies set out in the company's audited accounts for the year ended 30 June 2004.

The financial information contained in this statement does not constitute statutory accounts. Statutory accounts for the year ended 30 June 2004 received an unqualified audit report and have been filed with the Registrar of Companies.

2 Continuing activities

All of the activities are continuing.

3 Turnover

All of the turnover arises in the United Kingdom.

4 Taxation

As a result of losses available no liability to corporation tax is expected to arise.

5 Dividends

The Directors do not recommend the payment of an interim dividend.

6 Earnings per ordinary share

The basic earnings per ordinary share has been calculated by dividing the loss on ordinary activities after tax attributable to shareholders by the weighted average number of ordinary shares in issue during the period which carry the right to receive a dividend.

The diluted earnings per ordinary share has been calculated as above on the basis of full exercise of options and warrants.

7 Reconciliation of operating loss to net cash outflow from operating activities

	Period ended 31 December 2004 £	Period ended 31 December 2003 £	Year ended 30 June 2004 £
Operating loss	(477,299)	(446,726)	(979,432)
Depreciation of fixed assets	29,066	31,594	62,869
Loss on disposal of fixed assets	2,612	-	-
(Increase)/Decrease in debtors	(48,833)	(53,723)	(24,582)
Increase in creditors	44,612	76,352	131,989
Net cash outflow from operating activities	<u>(449,842)</u>	<u>(392,503)</u>	<u>(809,156)</u>

8 Reconciliation of net cash flow to movement of liquid funds

	Period ended 31 December 2004 £	Period ended 31 December 2003 £	Year ended 30 June 2004 £
Net funds at start of period	2,702,533	439,245	439,245
(Decrease)/Increase in cash for the period	(431,694)	668,241	2,263,288
Net funds at end of period	<u>2,270,839</u>	<u>1,107,486</u>	<u>2,702,533</u>

Net funds at the end of the period relate to cash at bank and in hand.

9 Reconciliation of movement in shareholders' funds

	Period ended 31 December 2004 £	Period ended 31 December 2003 £	Year ended 30 June 2004 £
Loss for the period	(419,898)	(432,656)	(848,090)
New share capital issued less costs	11,700	1,075,242	2,994,700
Net (reduction)/additions during the period	<u>(408,198)</u>	<u>642,586</u>	<u>2,146,610</u>
Opening shareholders' funds	<u>2,757,743</u>	<u>611,133</u>	<u>611,133</u>
Closing shareholders' funds	<u>2,349,545</u>	<u>1,253,719</u>	<u>2,757,743</u>