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Interim results for the six months ended 31 December 2005

Knowledge Technology Solutions PLC (KTS), the independent provider of real-time market data services, reports its unaudited results for the six months ended 31 December 2005.

Financial and business highlights:

- Turnover increased by 26% to £720,278 (2004: £572,283)
- Continued investment in R&D and enhanced exchange coverage resulted in a loss before tax of £547,447 (2004: £419,898)
- Cash position of £1.3 million as at 31 December 2005 (2004: £2.3 million)
- All live market data services successfully integrated under the MarketTerminal brand
- Progress made on a number of revenue-enhancing initiatives to capture new market opportunities

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

“This continues to be a challenging market in which to provide live market data applications. KTS is responding positively to this challenge and we are pleased that our initiatives to create additional income streams, currently at early stages, are progressing well.”

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Chief Executive's statement

In the six months ended 31 December 2005, KTS has made encouraging progress in seeking additional revenue streams from new initiatives.

As shareholders were previously informed, intense competition among vendors of UK market data display applications has exerted pressure on profit margins and turnover growth. Last year, the Board therefore decided to enhance growth by seeking potential additional income streams which exploited KTS's core technologies.

Against a background of strong competition first half sales of MarketTerminal, our live international market data display service, rose by 26% to £720,278 (2004: £572,283) and our subscriber base remained steady at 130 client organisations.

We have also maintained our commitment to develop our technology, customer service and the quality and depth of data available on MarketTerminal. Further investment in these areas led to higher pre-tax losses of £547,447 (2004: £419,898). Our cash position as at 31 December 2005 was £1.3 million (2004: £2.3 million).

In January, we successfully unified our live market data products into a single, customisable solution - MarketTerminal. We are pleased that clients have responded positively to this initiative and we have successfully migrated our subscriber base to the new MarketTerminal service. We believe that our MarketTerminal subscription service, that includes access to live share prices, analytics and news from major markets around the world, and exchange rates for more than 170 currencies, remains a highly attractive product.

As previously reported, our strategy is to complement the provision and further development of our MarketTerminal subscription service with new growth initiatives. These include indirect sales of MarketTerminal through international resellers, the introduction of a fully integrated mobile market data service for handheld devices and the seamless integration of our MarketTerminal display application with clients' existing market data infrastructures.

In line with the current industry trend towards increased mobility we are planning the launch of an end-to-end mobile handheld market data service within the current financial year.

With regard to client data integration solutions, we have identified an opportunity to license our proven MarketTerminal display application to clients for integration with their existing market data infrastructure. This is particularly relevant to larger financial institutions who will benefit from the high level of customisation, ease of deployment and low cost of ownership which a tailored implementation of the MarketTerminal display application provides. The integrated MarketTerminal solution is particularly well suited for clients to display their own internal quote data, without depending on third party quote vendors.

There has been considerable interest from a number of banks, one of which is currently carrying out a proof of concept evaluation.

Outlook

“This continues to be a challenging market in which to provide live market data applications. KTS is responding positively to this challenge and we are pleased that our initiatives to create additional income streams, currently at early stages, are progressing well.”

Dr. Marc Pinter-Krainer
Chief Executive
27 March 2006

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Notes	Period ended 31 December 2005 (unaudited) £	Period ended 31 December 2004 (unaudited) £	Year ended 30 June 2005 (audited) £
Turnover	3	720,278	572,283	1,250,474
Distribution costs		(718,626)	(529,795)	(1,192,594)
Administrative costs		(583,210)	(519,787)	(1,119,527)
Operating loss		(581,558)	(477,299)	(1,061,647)
Interest receivable		34,111	57,401	95,111
Loss on ordinary activities before taxation		(547,447)	(419,898)	(966,536)
Taxation on loss on ordinary activities	4	-	-	-
Loss on ordinary activities after taxation		(547,447)	(419,898)	(966,536)
Dividends	5	-	-	-
Retained loss		(547,447)	(419,898)	(966,536)
Basic earnings per ordinary share	6	(0.37)p	(0.28)p	(0.65)p
Diluted earnings per ordinary share	6	(0.37)p	(0.28)p	(0.65)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 2005

	Notes	As at 31 December 2005 (unaudited) £	As at 31 December 2004 (unaudited) £	As at 30 June 2005 (audited) £
Fixed assets				
Tangible fixed assets		154,519	194,952	180,027
Current assets				
Debtors		173,633	162,419	162,926
Cash at bank and in hand		1,353,363	2,270,839	1,716,053
		1,526,996	2,433,258	1,878,9789
Creditors: amounts falling due within one year		(426,055)	(278,665)	(256,099)
Net current assets		1,100,941	2,154,593	1,622,880
Total assets less current liabilities		1,255,460	2,349,545	1,802,907
Capital and reserves				
Called up share capital		148,275	148,275	148,275
Share premium account		4,777,574	4,777,574	4,777,574
Profit and loss account		(3,670,389)	(2,576,304)	(3,122,942)
Equity shareholders' funds	9	1,255,460	2,349,545	1,802,907

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Notes	Period ended 31 December 2005 (unaudited) £	Period ended 31 December 2004 (unaudited) £	Year ended 30 June 2005 (audited) £
Net cash outflow from operating activities	7	(396,136)	(449,842)	(1,027,646)
Returns on investment and servicing of finance				
Interest received		34,111	57,401	95,111
Net cash inflow from returns on investments and servicing of finance		34,111	57,401	95,111
Taxation				
Corporation tax refund		-	-	-
Net cash inflow from taxation		-	-	-
Capital expenditure				
Purchase of tangible fixed assets		(665)	(50,953)	(65,645)
Net cash outflow from capital expenditure and financial investment		(665)	(50,953)	(65,645)
Net cash outflow before financing		(362,690)	(443,394)	(998,180)
Financing				
Issue of share capital		-	11,700	11,700
Expenses paid in connection with share issues		-	-	-
Net cash inflow from financing		-	11,700	11,700
Decrease in cash	8	(362,690)	(431,694)	(986,480)

All cash flows relate to continuing operations.

KNOWLEDGE TECHNOLOGY SOLUTIONS PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS
ENDED 31 DECEMBER 2005

1 Basis of preparation

The interim financial information in respect of the six months ended 31 December 2005 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 2005.

The financial information contained in this statement does not constitute statutory accounts. Statutory accounts for the year ended 30 June 2005 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 2005 £	Period ended 31 December 2004 £	Year ended 30 June 2005 £
Operating loss	(581,558)	(477,299)	(1,061,647)
Depreciation of fixed assets	26,173	29,066	58,682
Loss on disposal of fixed assets	-	2,612	2,613
Increase in debtors	(10,707)	(48,833)	(49,340)
Increase in creditors	169,956	44,612	22,046
Net cash outflow from operating activities	<u>(396,136)</u>	<u>(449,842)</u>	<u>(1,027,646)</u>

8 Reconciliation of net cash flow to movement of liquid funds

	Period ended 31 December 2005 £	Period ended 31 December 2004 £	Year ended 30 June 2005 £
Net funds at start of period	1,716,053	2,702,533	2,702,533
Decrease in cash for the period	(362,690)	(431,694)	(986,480)
Net funds at end of period	<u>1,353,363</u>	<u>2,270,839</u>	<u>1,716,053</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 2005 £	Period ended 31 December 2004 £	Year ended 30 June 2005 £
Loss for the period	(547,447)	(419,898)	(966,536)
New share capital issued less costs	-	11,700	11,700
Net reduction during the period	<u>(547,447)</u>	<u>(408,198)</u>	<u>(954,836)</u>
Opening shareholders' funds	<u>1,802,907</u>	<u>2,757,743</u>	<u>2,757,743</u>
Closing shareholders' funds	<u>1,255,460</u>	<u>2,349,545</u>	<u>1,802,907</u>