

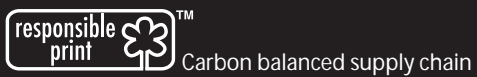


Half Year Statement **2007**

K3 BUSINESS TECHNOLOGY GROUP PLC

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HIGHLIGHTS

- Revenue increased by 7% to £13.6m (2006: £12.7m).
- Adjusted profit from operations¹ rose by 9% to £1.27m (2006: £1.16m). Profit from operations was £1.05m (2006: £1.13m) after deducting £0.17m amortisation of intangible assets relating to the acquisition of McGuffie Brunton completed in April 2007 and £0.06m of costs of share-based payments (2006: £0.04m).
- Profit before tax was £0.81m (2006: £0.99m).
- Adjusted earnings per share² rose by 21% to 4.6p (2006: 3.8p). Earnings per share rose by 6% to 3.8p (2006: 3.6p).
- Acquisition of manufacturing software provider McGuffie Brunton Ltd completed in April for £13.8m
 - establishes K3 as sole UK distributor of SYSPRO software in UK
 - significant synergies with existing manufacturing software business
 - benefits to flow through in 2008.
- Disposal of Elucid in February generated £1.08m cash.
- Post half year end acquisition of Landsteinar Netherlands announced on 3 September.
- Prospects for second half are encouraging with strong new business pipeline opportunities in both Retail Software and Manufacturing Software Divisions; £5m of Manufacturing Software licence renewals help underpin second half.

¹ Calculated before amortisation of intangibles of £0.17m (2006: Enil) and cost of share-based payments of £0.06m (2006: £0.04m).

² Calculated before amortisation of intangibles (net of tax) of £0.12m (2006: Enil) and cost of share-based payments (net of tax) of £0.04m (2006: £0.03m).

OVERVIEW

The Group performed well over the six months to 30 June 2007, with both the Retail Software and Manufacturing Software Divisions continuing to make encouraging progress.

The most significant event in the period was our acquisition in April 2007 of McGuffie Brunton Ltd ("MBL"), the manufacturing software solutions provider, for a total consideration of £13.8m. Long-established and with a successful track record, MBL is the Group's fourth acquisition and is highly complementary to our existing manufacturing software business, IEG. Both businesses distribute the SYSPRO range of Enterprise Resource Planning ("ERP") software for manufacturing and distribution companies. We believe that the logic of combining both distributors is compelling and establishes K3 as the sole distributor of SYSPRO in the UK. The combined businesses have pro forma revenue of around £12.0m, with a total customer base of approximately 450 companies. Around half this revenue relates to recurring annual licence fees which is invoiced in October each year. This means that K3's results going forward will be weighted heavily towards the second half. The integration of these businesses commenced in the second half of this year, and the benefits of the integration will be seen in 2008.

The combined businesses have pro forma revenue of around £12m, with a total customer base of approx. 450 companies

Microsoft
GOLD CERTIFIED

Partner



In the Retail Software Division, the niche vertical business units have now been established and we are now starting to reap the benefits of this investment. We will continue to invest in this, our major growth division. Following the disposal of our small multi-channel retail solutions business, Elucid, in February, we are developing the functionality of the Retail Software Division's Microsoft Dynamics solution so that it encompasses a multi-channel solution.

Our policy of focusing on Microsoft-based business solutions continues to serve us well. K3 is a member of Microsoft's Inner Circle, which is reserved for its top 60 partners worldwide, and, as one of the larger Microsoft business partners in the UK, we remain well placed to benefit from Microsoft's ongoing investment in business solutions.

Financial Results

These results are reported under International Financial Reporting Standards ("IFRS") for the first time.

For the six month period, Group turnover rose by 7% to £13.6m (2006: £12.7m), with the Retail Software Division contributing £8.74m (2006: £7.78m) and the Manufacturing Software Division, including three months of the newly acquired MBL, contributing £4.72m (2006: £3.95m), with Elucid contributing the balance of £0.18m (2006: £1.00m) before its disposal in February.

For the six month period, Group turnover rose by 7% to £13.6m

Adjusted profit from operations¹ rose by 9% to £1.27m (2006: £1.16m) after absorbing the costs of investment in the Retail Software Division, £0.07m of reorganisation costs relating to the Walton business, part of the Manufacturing Software Division, and £0.07m of costs associated with the aborted acquisition of SIRVIS IT, which we decided not to proceed with during the first half. It also includes the pre-tax profit on disposal of Elucid of £0.06m.

Profit from operations was £1.05m (2006: £1.13m) and profit before tax was £0.81m (2006: £0.99m). Adjusted earnings per share² were 4.6p (2006: 3.8p) and, after amortisation of intangibles (net of tax) of £0.12m (2006: £nil) and cost of share-based payments (net of tax) of £0.04m (2006: £0.03m), earnings per share were 3.8p (2006: 3.6p).

The sale of Elucid generated a pre-tax profit on disposal of £0.06m and £1.08m in cash.



The tax charge benefited from the release of provisions no longer required of £0.10m and movements in deferred tax balances of £0.23m resulting in a tax charge of only £0.04m in the first half.

At 30 June 2007, the Group held cash balances of £1.12m (2006: £0.06m) and net debt stood at £9.28m (2006: £2.97m). We expect strong cash flow in the second half year since the Manufacturing Software Division invoices its annual licence and support fees to customers in the final quarter of the year.

Dividends

The Directors do not propose to pay an interim dividend but, dependent on the Group's full year trading performance, will consider the recommendation of a final dividend when preliminary results are issued in 2008.

¹ Calculated before amortisation of intangibles of £0.17m (2006: £nil) and cost of share-based payments of £0.06m (2006: £0.04m).

² Calculated before amortisation of intangibles (net of tax) of £0.12m (2006: £nil) and cost of share-based payments (net of tax) of £0.04m (2006: £0.03m).

IFRS

Comparative results for the six months ended 30 June 2006 and the year ended 31 December 2006 have been restated in accordance with International Financial Reporting Standards. The impact on the reporting of our results is not significant and the underlying performance of the business and its cash flows remain unaffected. The change to IFRS has resulted in a reduction in the amortisation of goodwill. It has also had a small impact on EBITA, owing to the timing of our holiday year and the need to recognise holiday pay accruals of around £0.07m in the first half years of both 2007 and 2006.

The accounting policies adopted are set out in the Restatement of Financial Information under International Financial Reporting Standards (the "Restatement Report") issued on 6 September 2007. The comparative figures for the six months ended 30 June 2006 and the year ended 31 December 2006 have also been adjusted and are presented under IFRS. The details of the adjustments are set out in the Restatement Report which is available on the Group's website, www.k3btg.com.



OPERATIONAL REVIEW

Retail Software Division

The Retail Software Division won eight new contracts during the first half. We secured notable wins in Fashion, Fast Moving Consumer Goods and Home Retail, as well as a further win in the Brewery and Drinks sector. These orders helped to support sales growth of 12% to £8.74m in the first half (2006: £7.78m).

Our investment in the Division and the creation of the vertical business units, which we began last year, is now starting to reap rewards. In the first half we took on an additional 35 new systems implementers increasing the headcount to 167 (2006: 108). Many of our new recruits are chargeable and we expect them to start contributing from the second half.

This investment has affected profitability in the first half, with adjusted profit from operations³ for the period decreasing to £0.82m (2006: £0.98m – included large one-off benefit of £0.48m of software licences from major contract with Carpetright plc). However, we have seen lead intake increase and we enter the second half with an encouraging number of prospects in our pipeline. A number of significant deals are advancing well and, if these conclude successfully, they should support the Division's performance in the second half.

The Gamestop contract, won in November 2006, has now gone 'live' in Germany, Austria and Switzerland, and its implementation will continue across Europe, Australia and Canada into next year. Since Gamestop is one of Microsoft's largest customers and the implementation is complex, the project is very high profile. It will therefore act as an especially valuable reference site for us.

The Carpetright contract is also progressing well. By the end of the first half, the Microsoft Dynamics software had been installed across 167 stores in the UK and the new



system is being cited by Carpetright as an important factor behind the business's improved trading performance.

Retailing is a global affair and, as a consequence, K3 currently supports customers in some 18 countries. With the acquisition of Landsteinar Netherlands announced on Monday, 3 September, the number of countries supported will increase to 30.

In February, we sold Elucid to Sanderson Group plc as it had become a non-core part of the group. Elucid's solution is an attractive solution for smaller catalogue and mail order companies however, since in recent years our focus has moved to larger orders, we decided to deliver our multi-channel offering as part of our overall Microsoft Dynamics based retail solution. We are therefore developing the software accordingly.

The Retail Software Division won eight new contracts during the first half

³ Calculated before cost of share-based payments of £0.03m (2006: £0.01m).

Manufacturing Software Business

Revenue at the Manufacturing Software Division rose by 19% to £4.72m (2006: £3.95m), including MBL's strong three month contribution of £1.27m. Adjusted profit from operations⁴ rose by 76% to £0.35m from £0.20m last year.

The acquisition of SYSPRO provider, MBL, in April is significant. With a customer base of over 300 companies and four offices in the UK, not only does it bring critical mass to the Division but it also means that K3 now controls both UK distributors of the SYSPRO software. Additionally, McGuffie Brunton has a particularly strong telesales and marketing team with a comprehensive sales prospect database.

The integration of MBL and our existing IEG Syspro manufacturing software business offers considerable synergies and integration will take place during the second half of the year, with the targeted financial benefits being forecasted for 2008. In purchasing MBL, we also acquired an 11,000 sq ft office building in Salford Quays which will become our Northern Headquarters.



New business wins at IEG, our existing Syspro business, were lower than expected in the first six months as some larger prospects deferred decision making until the second half. However, since the beginning of June, our combined Syspro team has won a major new contract worth £0.65m with a distribution company based in Ireland. We won this business by integrating SYSPRO with MBL's warehouse management system (for which we own the intellectual property rights) and an innovative vehicle scheduling and route planning software package. This project is of particular note as it potentially opens up a new marketplace to us.

Overall we are seeing a steady increase in new business average order values in this division as the size and credibility of K3 allow the business units to bid for larger contracts that, as smaller companies, MBL and IEG would not previously have won on an individual basis.

Our contract with Doncaster Group, which we secured in 2005, has progressed well. Our software is running live on the initial 13 sites sold in 2005. Doncaster Group is steadily investing in new projects with us and we hope to sign significant new contracts with the Group during the second half and into 2008.

In January this year we undertook a cost reduction programme at our Walton-on-Thames based manufacturing systems centre, including the transfer of new sales activity to Manchester. Whilst the costs of this exercise were written off during the first half, it has delivered an increase in profitability at the Walton unit of 57% to £0.49m (2006: £0.31m).

Boosted by the acquisition of MBL, lead intake across the division has increased significantly during the first half, and pipelines are encouraging as we enter the second, with a number of large contracts being negotiated.

⁴ Calculated before amortisation of intangibles of £0.17m (2006: Enil) and cost of share-based payments of £0.03m (2006: £0.02m).



OUTLOOK

In a statement issued on 3 September, K3 was pleased to announce the acquisition of Landsteinar Netherland BV ("Landsteinar"), a European retail software house based in Holland. The initial consideration is €14.5m with potential further consideration of €5.5m payable over the next two years dependent on the performance of the business. The initial consideration includes €3.625m payable by way of allotment of ordinary shares in K3. We expect the acquisition to be immediately earnings enhancing.

We enter the second half with strong pipelines across both the Retail Software and Manufacturing Software Divisions

Landsteinar distributes the same Microsoft Dynamics NAV Retail product as our own Retail Software Division, and therefore is entirely complementary to our existing operations. Landsteinar is enjoying strong growth and has an impressive customer base of some 40 customers. One of its major customers is IKEA, the international furniture company. Importantly, its prospect pipeline strongly complements the vertically focused structure of our Retail Software Division. While Landsteinar has a strong domestic business, over half of its customers are outside Holland. K3's existing Retail Software Division supports many pan European and global implementations and we can see many benefits of extending our footprint into mainland Europe with the acquisition.

We enter the second half with strong pipelines across both the Retail Software and Manufacturing Software Divisions and a number of deals are at an advanced stage of negotiation. While maintenance and support revenues have increased as a result of customer growth to date, our ability to secure major deals will continue to be a key factor in driving business growth and securing our year end targets. Nevertheless, given current new business pipelines, we remain optimistic of a good second half performance.

Tom Milne

Chairman

7 September 2007

Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Notes	Unaudited six months to 30 June 2007 £000	Unaudited six months to 30 June 2006 £000	Unaudited year to 31 December 2006 £000
Revenue		13,632	12,733	27,346
Profit from operations before amortisation of intangibles and cost of share-based payments		1,274	1,164	2,918
Amortisation of acquired intangibles		(167)	-	-
Cost of share-based payments		(61)	(39)	(85)
Profit from operations	2	1,046	1,125	2,833
Finance income		18	2	21
Finance costs		(255)	(142)	(283)
Profit before taxation		809	985	2,571
Tax expense	3	(35)	(342)	(846)
Profit for the period		774	643	1,725

All of the profit for the period is attributable to equity holders of the parent.

Earnings per share

Basic	4	3.8p	3.6p	9.5p
Diluted	4	3.7p	3.6p	9.5p

Consolidated Statement of Recognised Income and Expense

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Unaudited six months to 30 June 2007 £000	Unaudited six months to 30 June 2006 £000	Unaudited year to 31 December 2006 £000
Exchange differences on translation of foreign operations	-	-	(15)
Tax on items taken directly to equity	41	18	46
Net profit recognised directly in equity	41	18	31
Profit for the period	774	643	1,725
Total recognised income and expense in the period	815	661	1,756

All of the above recognised income and expense is attributable to equity holders of the parent.

Consolidated Balance Sheet

AS AT 30 JUNE 2007

	Notes	Unaudited as at 30 June 2007 £000	Unaudited as at 30 June 2006 £000	Unaudited as at 31 December 2006 £000
ASSETS				
Non Current Assets				
Property, plant and equipment		1,221	484	416
Goodwill		21,770	15,696	15,684
Other intangible assets		7,882	239	273
Deferred tax assets		255	267	191
Available-for-sale investments		-	-	1,398
Total Non Current Assets		31,128	16,686	17,962
Current Assets				
Trade receivables		6,232	5,934	7,129
Other current assets		2,418	1,579	1,493
Cash and cash equivalents		1,198	64	2,267
Assets held for resale		183	-	-
Total Current Assets		10,031	7,577	10,889
Total Assets		41,159	24,263	28,851
EQUITY				
Share capital		5,437	4,435	4,872
Share premium account		3,289	7,813	1,388
Other reserves		6,315	6,070	6,070
Retained earnings		2,959	(6,842)	2,113
Translation reserve		(15)	-	(15)
Total equity attributable to equity holders of the parent	6	17,985	11,476	14,428
LIABILITIES				
Non Current Liabilities				
Long-term borrowings	7	7,347	2,186	711
Deferred tax liabilities		2,105	-	-
Total Non Current Liabilities		9,452	2,186	711
Current Liabilities				
Trade and other payables	8	10,267	9,197	11,848
Current tax liabilities		1,524	622	1,003
Short-term borrowings	9	1,931	782	861
Total Current Liabilities		13,722	10,601	13,712
Total Liabilities		23,174	12,787	14,423
Total Equity and Liabilities		41,159	24,263	28,851

Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Unaudited six months to 30 June 2007 £000	Unaudited six months to 30 June 2006 £000	Unaudited year to 31 December 2006 £000
Cash flows from operating activities			
Profit before tax	809	985	2,571
Adjustments for:			
Share based payments charge	61	39	85
Depreciation of property, plant and equipment	151	187	329
Amortisation of intangible assets and development expenditure	263	66	118
Write down of investments	25	-	-
Loss (profit) on sale of property, plant and equipment	10	(25)	(27)
Profit on sale of disposal group	(64)	-	-
Interest received	(18)	(2)	(21)
Interest expense	255	142	283
Decrease (increase) in trade and other receivables	916	(1,129)	(2,276)
(Decrease) increase in trade and other payables	(3,659)	(422)	1,146
Cash (absorbed by) generated from operations	(1,251)	(159)	2,208
Interest paid	(246)	(120)	(256)
Income taxes (paid) received	(202)	45	21
Net cash (absorbed by) generated from operating activities	(1,699)	(234)	1,973
Cash flows from investing activities			
Acquisition of subsidiaries, inclusive of costs	(14,063)	(74)	(18)
Cash acquired with subsidiary	2,640	-	-
Deferred consideration paid	(47)	(20)	(40)
Acquisition of trade investments	-	-	(1,398)
Development expenditure capitalised	(144)	(83)	(229)
Proceeds from sale of trade investments	1,190	-	-
Proceeds from sale of disposal group	1,081	-	-
Purchase of property, plant and equipment (PPE)	(105)	(57)	(146)
Proceeds from sale of PPE	-	21	40
Interest received	-	2	21
Net cash absorbed by investing activities	(9,448)	(211)	(1,770)
Cash flows from financing activities			
Proceeds from issue of share capital	2,374	-	1,825
Proceeds from long-term borrowings	8,600	-	-
Payment of long-term borrowings	(834)	(325)	(379)
Payment of finance lease liabilities	(62)	(40)	(256)
Net cash generated from (absorbed by) financing activities	10,078	(365)	1,190
Net change in cash and cash equivalents	(1,069)	(810)	1,393
Cash and cash equivalents at start of period	2,267	874	874
Cash and cash equivalents at end of period	1,198	64	2,267

1 Basis of preparation

The AIM Rules for Companies require that the annual consolidated financial statements of the company for the year ending 31 December 2007 be prepared in accordance with International Financial Reporting Standards adopted for use in the EU ("IFRS").

Consequently this half year financial statement has been prepared on the basis of the recognition and measurement requirements of IFRS in issue that are either endorsed by the EU and effective (or available for early adoption) at 31 December 2007, the group's first annual reporting date at which it is required to use IFRS. Based on these IFRS, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS financial statements are prepared for the year ending 31 December 2007.

The IFRS that will be effective in the annual financial statements for the year ending 31 December 2007 are still subject to change and to additional interpretations and therefore cannot be determined with complete certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2007.

An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the group together with a summary of significant accounting policies was provided to shareholders in the Restatement of Financial Information under International Financial Reporting Standards issued on 6 September 2007 ("the Restatement Report"). This includes reconciliations of equity and profit or loss for the comparative periods under UK Generally Accepted Accounting Practice ("UK GAAP") to those reported for those periods under IFRS.

The preparation of the half year financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These half year financial statements have been prepared under the historical cost convention except for derivative financial instruments carried at fair value.

This half year statement is unaudited. The comparatives for the full year ended 31 December 2006 are not the Group's statutory accounts for that year as they are restated under IFRS. A copy of the statutory accounts for that year, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 237(2)-(3) of the Companies Act 1985.

2 Profit from operations

The profit from operations for the six months ended 30 June 2007 is stated after the profit on sale of multi-channel retail solutions business software, Elucid, of £0.06m.

3 Tax expense

The tax expense of £0.04m includes a current tax charge of £0.37m and an adjustment of current tax in respect of prior years of £0.10m. A deferred tax credit of £0.23m has been recognised which includes £0.20m for the amortisation of deferred tax on the intangible assets acquired with McGuffie Brunton Limited, of which £0.15m relates to the reduction in future rates of corporation tax from 30% to 28%.

4 Earnings per share

The calculations of earnings per share are based on the profit for the financial period and the following numbers of shares:

	Unaudited six months 30 June 2007 Number of shares	Unaudited six months 30 June 2006 Number of shares	Unaudited year to 31 December 2006 Number of shares
Weighted average number of shares:			
For basic earnings per share	20,513,650	17,715,039	18,075,153
Exercise of share-based payments	519,905	17,569	87,053
For diluted earnings per share	21,033,555	17,732,608	18,162,206

Adjusted earnings per share calculations have been computed because the directors consider that they are useful to shareholders and investors. These are based on the following profits and the above number of shares:

	Unaudited six months to 30 June 2007			Unaudited six months to 30 June 2006			Unaudited year to 31 December 2006		
	Earnings	Per share amount Basic	Per share amount Diluted	Earnings	Per share amount Basic	Per share amount Diluted	Earnings	Per share amount Basic	Per share amount Diluted
	£000	p	p	£000	p	p	£000	p	p
Earnings per share (eps)	774	3.8	3.7	643	3.6	3.6	1,725	9.5	9.5
Amortisation of intangibles (net of tax)	117	0.5	0.5	-	-	-	-	-	-
Share-based payments (net of tax)	43	0.3	0.2	27	0.2	0.2	59	0.4	0.3
Profit on sale of disposal group (net of tax)	-	-	-	-	-	-	106	0.6	0.6
Adjusted eps	934	4.6	4.4	670	3.8	3.8	1,890	10.5	10.4

The profit on sale of a disposal group (net of tax) in 2007 relates to Elucid on which the pre-tax profit was £0.06m and the tax charge was £0.06m, and that in 2006 relates to the income tax expense arising from the profit on the sale during 2004 of the operations based at Crewe.

5 Acquisition of subsidiary undertaking

On 2 April 2007 the company acquired the entire issued share capital of McGuffie Brunton Limited, now called K3 Supply Chain Solutions Limited. The consideration was £13.8m satisfied on completion by £13.5m in cash and £0.3m in shares.

The following table sets out the book values of the identifiable assets and liabilities acquired and their values to the group:

	Book value	Fair value adjustments	Provisional fair value to the group
	£000	£000	£000
Assets			
Property, plant and equipment	1,020	(137)	883
Other intangible assets	-	7,684	7,684
Deferred tax assets	-	18	18
Trade receivables	726	-	726
Other current assets	383	-	383
Cash and cash equivalents	2,640	-	2,640
Liabilities			
Trade and other payables	(2,493)	-	(2,493)
Current tax liabilities	(453)	-	(453)
Deferred tax liabilities	-	(2,335)	(2,335)
Net Assets	1,823	5,230	7,053
Goodwill			7,317
Costs of acquisition			(562)
Consideration			13,808
Satisfied by			
Cash consideration			13,500
Shares issued			308
			13,808

The intangible assets recognised in the fair value adjustments relate to the distribution agreement for the SYSPRO software and to customer relationships. £2,305,000 of the deferred tax liability recognised relates to these intangible assets. The goodwill is attributable to the significant synergies which are expected to arise from the integration of this business with that of K3's existing SYSPRO provider, K3 Information Engineering Limited, and those intangibles such as the workforce which are not recognised separately.

6 Consolidated reconciliation of changes in equity

	Unaudited as at 30 June 2007 £000	Unaudited as at 30 June 2006 £000	Unaudited as at 31 December 2006 £000
Opening equity	14,428	10,777	10,777
Total recognised income and expense	815	661	1,756
Issue of ordinary shares, net of costs	2,711	-	1,825
Investment in own shares	(30)	(1)	(15)
Other movements	61	39	85
	17,985	11,476	14,428

7 Non Current Liabilities: Long-term borrowings

	Unaudited as at 30 June 2007 £000	Unaudited as at 30 June 2006 £000	Unaudited as at 31 December 2006 £000
Bank loans	7,150	526	356
Obligations under finance leases and hire purchase contracts	69	162	98
Other loans	-	10	-
Other loans due to related parties	128	385	257
Deferred consideration	-	1,103	-
	7,347	2,186	711

8 Current liabilities: Trade and other payables

	Unaudited as at 30 June 2007 £000	Unaudited as at 30 June 2006 £000	Unaudited as at 31 December 2006 £000
Trade creditors	2,808	2,184	1,676
Taxation and social security	1,302	1,380	1,626
Other creditors	175	170	80
Deferred consideration	248	70	960
Accruals	1,414	1,791	2,965
Deferred income	4,320	3,602	4,541
	10,267	9,197	11,848

Notes to the Half Year Statement continued

9 Current liabilities: Short-term borrowings

	Unaudited as at 30 June 2007 £000	Unaudited as at 30 June 2006 £000	Unaudited as at 31 December 2006 £000
Bank loans	1,307	322	335
Obligations under finance leases and hire purchase contracts	96	177	129
Other loans due to related parties	528	283	397
	<hr/> 1,931	<hr/> 782	<hr/> 861

10 Post balance sheet event

On 3 September 2007, K3 announced the acquisition of a 100% holding in Landsteinar Nederland BV for an initial consideration of €14.5m with potential further consideration of €5.5m payable over the next two years dependent on the performance of the business. The initial consideration includes €3.625m payable by way of allotment of ordinary shares in K3.

11 The above information is being sent to the shareholders and is available from the Company's website, www.k3btg.com, and from its registered office: Linden Business Centre, Linden Road, Colne, Lancashire, BB8 9BA.



K3 BUSINESS TECHNOLOGY GROUP PLC

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