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A S I T E plc

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A S I T E plc

Interim Report

for the six months ended 30th June 2002

DIRECTORS AND ADVISERS

for the six months ended 30th June 2002

DIRECTORS

Sir John Egan	Chairman
Walter Goldsmith	Deputy Chairman
Charles Woods	Director
Alastair Mellon	Director
Robert Tchenguiz	Non-Executive
Peter Rogers	Non-Executive
Mathew Riley	Non-Executive

SECRETARY
Charles Woods

REGISTERED OFFICE
Maple House
149 Tottenham Court Road
London W1T 7NF

NOMINATED ADVISER
Deloitte & Touche Corporate Finance
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

NOMINATED BROKER
Insinger Townsley
44 Worship Street
London EC2A 2JT

BANKERS
HSBC Bank plc
70 Pall Mall
London SW1Y 5EY

REGISTRARS
Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

SOLICITORS
Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA

AUDITORS
Deloitte & Touche
Chartered Accountants
180 Strand
London WC2R 1EL

CHAIRMAN'S STATEMENT

for the six months ended 30th June 2002

The Group's core business, Asite Solutions Limited ("Asite"), made progress during the first six months of 2002, with a trend of increasing revenues and reducing cash burn. With this continued progress, the directors currently forecast Asite to be operationally cash flow positive by the end of 2002. As described in note 1, the Company believes that it has adequate funding in place to trade to the point where it will become self-funding.

On 28th August the Company was delighted to appoint Mathew Riley of BAA plc as a non-executive director. Mathew, as commercial director of the £2.7 billion Heathrow Terminal 5 project, is responsible for hugely complex supply chain management issues. As e-business director for BAA plc he has pioneered new ways of working in partnership to leverage greater value from BAA's supply chain relationships. Mathew's appointment represents a considerable strengthening of the Company's experience and strategic ability to develop world-class supply chain management solutions.

BAA plc has also awarded Asite a framework agreement to supply Internet based project collaboration services to all upcoming costruction projects.

Earlier this year Asite developed its 'Stepping Stones' programme to facilitate easier access to e-commerce knowledge and other Asite community benefits for clients, contractors and suppliers.

Other significant developments during the period included the launch of Asite's new tendering tool and a UK first as the Paternoster Square construction team successfully piloted the use of hand held computers to access Asite project collaboration tools.

The result for the six months to 30th June 2002 show a pre-tax loss of £2,154,000, of which £1,718,000 relates to Asite trading losses, with the balance of £436,000 primarily reflecting head office costs.

The figures continued to reflect necessary investment for the future, by a company that is emerging strongly from its start-up phase and showing great potential. Asite is progressing at the leading edge of change within the UK construction sector. The company is poised to reap commercial benefit from enabling these positive changes for the industry and the Board continues to see excellent potential for the creation of shareholder value in the future.

I remain firmly of the view that the successful implementation of e-commerce in UK construction lies with people – technology is just the enabler. More people are emerging now from all parts of UK construction who are inspired by what e-commerce can do for them and their businesses.

Working with these people, Asite has significantly strengthened and deepened its client relationships over the past year, and has tailored its expertise to address each one's unique needs and circumstances. The result is a gradually-changing industry, and a solid basis for a highly innovative business that continues to enjoy excellent prospects.

Sir John Egan
Chairman
27th September 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the six months ended 30th June 2002

	Note	**Unaudited six months to 30th June 2002 £'000**	Unaudited six months to 30th June 2001 £'000	Audited year to 31st Dec 2001 £'000
TURNOVER				
Continuing operations:				
Turnover		**816**	-	307
Discontinued operations:				
Fees for professional services		**-**	4,267	4,779
		816	4,267	5,086
Revenue share		**(219)**	-	(130)
Change in work in progress - discontinued		**-**	(477)	(474)
Total turnover		**597**	3,790	4,482
Staff costs		**1,123**	4,332	5,741
Depreciation and amortisation		**760**	184	1,307
Other operating charges		**861**	3,850	3,763
		2,744	8,366	10,811
OPERATING LOSS				
Continuing operations		**(2,147)**	(2,113)	(5,991)
Discontinued operations		**-**	(765)	(338)
		(2,147)	(2,878)	(6,329)
Loss on disposal of subsidiaries - discontinued		**-**	(1,698)	(1,991)
Interest payable less receivable		**(7)**	(25)	(34)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(2,154)**	(4,601)	(8,354)
Tax credit on loss on ordinary activities		**-**	-	27
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	6	**(2,154)**	(4,601)	(8,327)
Equity minority interest	6	**266**	-	358
LOSS FOR THE PERIOD		**(1,888)**	(4,601)	(7,969)
Loss per share - basic	5	**(2.0p)**	(11.6p)	(12.3p)

Consolidated statement of total recognised gains and losses
For the six months ended 30th June 2002

Loss for the period	**(1,888)**	(4,601)	(7,969)
Gain arising on deemed disposal in subsidiaries	**-**	-	641
Total recognised losses in the period	**(1,888)**	(4,601)	(7,328)

CONSOLIDATED BALANCE SHEET

at 30th June 2002

	Note	**Unaudited at 30th June 2002 £'000**	Unaudited at 30th June 2001 £'000	Audited at 31st Dec 2001 £'000
FIXED ASSETS				
Tangible fixed assets		**4,120**	2,022	4,720
CURRENT ASSETS				
Stock		**10**	25	22
Debtors		**593**	663	800
Cash at bank		**1,923**	187	358
		2,526	875	1,180
CREDITORS: amounts falling due within one year		**(5,617)**	(5,336)	(2,699)
NET CURRENT LIABILITIES		**(3,091)**	(4,461)	(1,519)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,029**	(2,439)	3,201
CREDITORS: amounts falling due after more than one year		**(2,267)**	-	(2,742)
EQUITY MINORITY INTERESTS		**1,265**	-	999
NET ASSETS/ (LIABILITIES)		**27**	(2,439)	1,458
CAPITAL AND RESERVES				
Called up share capital	7	**9,801**	3,955	9,344
Share premium account	6	**2,442**	2,418	2,442
Merger reserve		**-**	(1,211)	-
Profit and loss account	6	**(12,216)**	(7,601)	(10,328)
EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)		**27**	(2,439)	1,458

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th June 2002

	Note	**Unaudited six months to 30th June 2002 £'000**	Unaudited six months to 30th June 2001 £'000	Audited year to 31st Dec 2001 £'000
Net cash outflow from operating activities	**8**	**(1,609)**	(1,629)	(4,564)
Return on investments and servicing of finance		**(7)**	(25)	(34)
Taxation		**-**	(112)	(246)
Cash flow from capital expenditure and financial investment		**(357)**	(1,196)	(1,583)
Acquisitions and disposals				
Cash flow from disposals		**-**	2,802	2,940
Net cash outflow before financing		**(1,973)**	(160)	(3,487)
Financing		**1,950**	(450)	4,264
(Decrease)/increase in cash in the period	**9**	**(23)**	(610)	777

NOTES TO THE INTERIM REPORT

for the six months ended 30th June 2002

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The directors have prepared projected Group cash flow information for the current financial year and for the nine months of the following financial year, covering the period to 30th September 2003. The early stage of development of the Group's business is such that there can be considerable unpredictable variation in the amount of revenue projected and timing and amount of cash flows. Consequently, there is uncertainty as to the carrying value of the website development costs stated at £4.0 million in the Group balance sheet and in the Company's balance sheet as to the recoverability of the inter company debtor stated at £6.8 million reflecting the financing to the Company's principal operating subsidiary, Asite Solutions Limited. On the basis of this cashflow information, the directors are aware that additional funding will be required. The directors believe Mr Tchenguiz will continue to provide the funding forecast to be required and have received written confirmation from Mr Tchenguiz that he intends to provide this funding in the form of a loan.

On the basis of this cashflow information and discussions with Mr. Tchenguiz, the directors have formed a judgement at the time of approving the interim financial statements that they consider it appropriate to prepare interim financial statements on the going concern basis. The interim financial statements do not include any adjustments that would result should financial support from Mr. Tchenguiz or other sources no longer be available.

2. NOTES

These accounts are not the statutory accounts of the Group. The statutory group accounts of Asite plc for the year to 31st December 2001 have been delivered to the Registrar of Companies. The interim report contains financial information on the year ended 31st December 2001 which constitutes non-statutory accounts for the purposes of section 240 of the Companies Act 1985. The auditors qualified their opinion on these accounts on the basis of a limitation of scope arising following the sale of the subsidiary Foremans Limited. In this report a statement was made by the auditors that they did not obtain all information and explanations required for the purposes of the audit under Section 237 (3) of the Companies Act 1985. The auditors report also contained a modification relating to a going concern uncertainty.

The numbers in the interim financial statements to 30th June 2002 are neither reviewed nor audited.

The interim financial information has been prepared on the basis of accounting policies consistent with those applied in the 2001 financial statements.

3. TURNOVER

The turnover of the Group arises in the United Kingdom and the directors consider that the Group's activities consist of one class of business.

4. ACCOUNTING POLICIES

The interim financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The interim financial statements are prepared under the historical cost convention.

NOTES TO THE INTERIM REPORT (continued)

for the six months ended 30th June 2002

4. ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated profit and loss account and balance sheet include the interim financial statements of the Company and its subsidiaries made up to the end of the period. Subsidiaries acquired or disposed of are included in the interim financial statements from the date of acquisition or to the date of disposal as appropriate.

Turnover

Turnover is the total amount receivable for services provided in the ordinary course of business excluding Value Added Tax.

Depreciation

Depreciation is calculated to write down the cost of tangible fixed assets by equal annual installments or, in the case of motor vehicles, on the reducing balance basis over their expected useful lives.

The periods and rates applicable are:

Long term lease	106 years, impairment review performed annually
Short term leases	Over the term of the lease
Leasehold improvements	Unexpired period of the lease
Fixtures, equipment and vehicles	3 to 10 years
Website costs	2 to 5 years

Foreign exchange

Transactions denominated in foreign currencies are translated in the other functional currency at the rates ruling at the dates of the transactions. Monetary assets and current liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Development expenditure

Expenditure incurred on the development of the construction portal is capitalised as a fixed asset and written off over its estimated useful life.

5. LOSS PER SHARE

	Unaudited six months to 30th June 2002 £'000	Unaudited six months to 30th June 2001 £'000	Audited year to 31st Dec 2001 £'000
Basic			
Net loss for the period	**£(1,888,000)**	£(4,601,000)	£(7,969,000)
Weighted average number of ordinary shares outstanding	**93,771,912**	39,553,479	64,550,029
Loss per share	**(2.0p)**	(11.6p)	(12.3p)

NOTES TO THE INTERIM REPORT (continued)

for the six months ended 30th June 2002

6. RESERVES

	Share premium account £'000	Profit and loss account £'000
Group		
At 31st December 2001	2,442	(10,328)
Minority interest for the period	-	266
Loss for the period	-	(2,154)
At 30th June 2002	2,442	(12,216)

7. SHARE CAPITAL

The increase in called up share capital in the six months to 30th June 2002 arose as follows:

	Number	£'000
Alloted, issued and fully paid ordinary shares of 10p each:		
At 31st December 2001	93,445,097	9,344
Issued for cash:		
Warrencity Invest Corp	4,065,030	407
Issued for services to the company:		
Sir John Egan	500,000	50
At 30th June 2002	98,010,127	9,801

During the period, new ordinary shares were issued for services at 10p per share.

8. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW

	Unaudited six months to 30th June 2002 £'000	Unaudited six months to 30th June 2001 £'000	Audited Year to 31st Dec 2001 £'000
Operating loss	**(2,147)**	(2,878)	(6,329)
Depreciation and amortisation	**760**	184	1,307
Loss on disposal of fixed assets	**-**	-	141
Services charged to operating profit in return for issue of shares	**50**	-	255
Stock	**11**	(77)	(74)
Debtors	**207**	(268)	(648)
reditors	**(490)**	1,410	784
Net cash outflow from operating activities	**(1,609)**	(1,629)	(4,564)

ASITE plc

NOTES TO THE INTERIM REPORT (continued)

for the six months ended 30th June 2002

9. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Unaudited six months to 30th June 2002 £'000	Unaudited six months to 30th June 2001 £'000	Audited Year to 31st Dec 2001 £'000
(Decrease)/increase in cash in the period	**(23)**	(376)	777
Cash outflow from decrease in debt finance	**-**	792	466
Cash outflow from decrease in lease finance	**9**	5	21
	(14)	421	1,264
New finance leases	**-**	-	(11)
Loans disposed of with subsidiaries	**-**	-	560
Movement in net funds in the period	**(14)**	421	1,813
Net funds / (debt) at start of period	**172**	(1,641)	(1,641)
Net funds / (debt) at end of period	**158**	(1,220)	172

10. ANALYSIS OF NET FUNDS

	At 31st Dec 2001 £'000	Cash flows £'000	**At 30th June 2002 £'000**
Cash	358	1,565	**1,923**
Bank overdrafts	(161)	(1,588)	**(1,749)**
	197	(23)	**174**
Finance leases	(25)	9	**(16)**
Total net funds	172	(14)	**158**