

Company Registration No. 2004015



A S I T E

ASITE plc

Interim Report

for the six months ended 30 June 2003

ASITE plc

**INTERIM REPORT
for the six months ended 30 June 2003**

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ASITE plc

INTERIM REPORT for the six months ended 30 June 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir John Egan
Walter Goldsmith
Thomas Dengenis
Charles Woods
Robert Tchenguiz
Mathew Riley
Peter Rogers

SECRETARY

Charles Woods

REGISTERED OFFICE

Leconfield House
Curzon Street
London W1J 5JA

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

AUDITORS

Deloitte & Touche
Chartered Accountants
London

ASITE plc

CHAIRMAN'S STATEMENT for the six months ended 30 June 2003

Results and dividends

The Group's core business, Asite Solutions Limited ("Asite"), made progress during the first six months of 2003, enjoying a trend of increased revenues and reduced fixed expenses as Asite continued to benefit from initiatives implemented in the latter part of the year to December 2002. As a result, Asite has seen a recent trend of decreasing monthly losses.

The Group's operating loss of £0.8m compares with a loss of £2.1m in the 6 months ended 30 June 2002, and £5.4m in the 12 months ended 31 December 2002. The previous year's loss and the loss in the first half of 2003 reflect the significant investment made in Asite. Further product development expenditure of £0.3m to develop Asite's own intellectual property was incurred during the period to 30 June 2003. The Group's operating loss before this expenditure was £0.5m.

The loss per share was 0.7p compared with 2.0p and 4.7p respectively in the previous half and full year. Turnover in the first six months of 2003 was up by over 25% compared with the same period last year.

Development of the Group

This year, Asite has made a series of product releases that are a strong indicator of our growing expertise in product development and solutions delivery. The resulting intellectual property forms the core of Asite's technology assets and increases our ability to respond to market demand. In addition, our reduced reliance on licensed third party intellectual property significantly decreases our cost of sales.

There have been major new releases of *Asite Tender*, in both the first and second quarters. We have released *Asite Negotiate* for contract negotiation, in response to customer requirements, including those of BAA. *Asite Tender* makes it easier both to prepare and manage a tender plus participate as a bidder, in a highly secure environment. *Asite Negotiate* provides a secure communications tool that supports the process of contract formation between buyer and supplier.

We have also successfully released *Asite Workspace*, which supports document-sharing environments for ad-hoc teams. *Asite Workspace* is included as an enhancement to our fee-paying *Asite Community* programme, which already comprises hundreds of companies.

The *Asite Integration* solution has been rolled-out with great success in automating the Laing O'Rourke inventory control system to connect supply chains on the BAA Terminal 5 project. In addition, we have completed the restructuring of our production hosting operations to reduce reliance on third-party managed services, whilst continuing to outsource secure infrastructure provision.

Operational review

Important new customers have been acquired, as the take-up of *Asite Tender* and *Asite Workspace* continues to increase, including leading UK contractors and property developers. Morgan Sindall plc have recently adopted *Asite Tender* on their major tunneling project at Terminal 5, which is in joint venture with Vinci. We are also continuing to implement an enterprise-wide rollout at Laing O'Rourke and across the Birse Rail / Network Rail project portfolio.

ASITE plc

**CHAIRMAN'S STATEMENT
for the six months ended 30 June 2003**

Prospects

I remain firmly of the belief that the technology community that we are building at Asite is taking the right steps to achieve truly integrated business relationships and that the construction industry will continue to find ever greater opportunities to improve business performance through our suite of products and solutions.

The directors, therefore, remain confident that Asite will move ahead toward profitable trading and positive cashflows and that all necessary steps have been taken to ensure its future success.

Sir John Egan
Chairman
22 July 2003

ASITE plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2003

	Note	Unaudited six months to 30 June 2003 £'000	Unaudited six months to 30 June 2002 £'000	Audited year to 31 Dec 2002 £'000
TURNOVER				
Continuing operations:				
Turnover		1,032	816	1,575
Discontinued operations:				
Turnover		-	-	24
		<u>1,032</u>	<u>816</u>	<u>1,599</u>
Revenue share		(217)	(219)	(469)
		<u>815</u>	<u>597</u>	<u>1,130</u>
Staff costs		942	1,123	2,377
Depreciation and amortisation		1	760	2,245
Product development expenditure		310	-	-
Other operating charges		359	861	1,859
		<u>1,612</u>	<u>2,744</u>	<u>6,481</u>
OPERATING LOSS				
Continuing operations		(797)	(2,147)	(5,283)
Discontinued operations		-	-	(68)
		<u>(797)</u>	<u>(2,147)</u>	<u>(5,351)</u>
Loss on sale of discontinued operations		-	-	(11)
Interest payable less receivable		-	(7)	(29)
		<u>(797)</u>	<u>(2,154)</u>	<u>(5,391)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				
Tax credit on loss on ordinary activities		-	-	71
		<u>(797)</u>	<u>(2,154)</u>	<u>(5,320)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION				
Minority interest		92	266	761
		<u>(705)</u>	<u>(1,888)</u>	<u>(4,559)</u>
LOSS FOR THE PERIOD				
Loss per share – basic	3	<u>(0.7p)</u>	<u>(2.0p)</u>	<u>(4.7p)</u>

ASITE plc

**CONSOLIDATED BALANCE SHEET
at 30 June 2003**

	Note	Unaudited at 30 June 2003 £'000	Unaudited at 30 June 2002 £'000	Audited at 31 Dec 2002 £'000
FIXED ASSETS				
Tangible assets		230	4,120	-
CURRENT ASSETS				
Stock		-	10	-
Debtors		643	593	564
Cash at bank		-	1,923	89
		643	2,526	653
CREDITORS: amounts falling due within one year		(924)	(5,617)	(1,936)
NET CURRENT LIABILITIES		(281)	(3,091)	(1,283)
TOTAL ASSETS LESS CURRENT LIABILITIES		(51)	1,029	(1,283)
CREDITORS: amounts falling due after more than one year		(4,671)	(2,267)	(2,632)
EQUITY MINORITY INTERESTS		1,863	1,265	1,761
NET (LIABILITIES) / ASSETS		(2,859)	27	(2,154)
CAPITAL AND RESERVES				
Called up share capital	4	10,291	9,801	10,291
Share premium account	4	2,442	2,442	2,442
Profit and loss account	4	(15,592)	(12,216)	(14,887)
EQUITY SHAREHOLDERS' (DEFICIT) / FUNDS		(2,859)	27	(2,154)

ASITE plc

**CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2003**

	Note	Unaudited six months to 30 June 2003 £'000	Unaudited six months to 30 June 2002 £'000	Audited year to 31 Dec 2002 £'000
Net cash outflow from operating activities	5	(2,072)	(1,609)	(3,233)
Returns on investments and servicing of finance				
Interest paid		-	(7)	(29)
Net cash out flow from returns on investments and servicing of finance		-	(7)	(29)
Capital expenditure				
Payments to acquire fixed assets		(231)	(357)	(358)
Proceeds from sale of fixed assets		-	-	5
Net cash outflow from capital expenditure		(231)	(357)	(353)
Acquisitions and disposals				
Disposal of subsidiaries		-	-	10
Net borrowings disposed of with subsidiaries		-	-	(24)
Net cash outflow from acquisitions and disposals		-	-	(14)
Net cash outflow before financing		(2,303)	(1,973)	(3,629)
Financing				
Net proceeds on issue of ordinary share capital		-	-	897
Purchase of shares from minorities		(10)	-	-
Net proceeds from borrowings		2,039	1,950	2,632
Repayment of borrowings		-	-	(2)
Capital element of finance lease rental payments		-	-	(6)
Net cash outflow from financing		2,029	1,950	3,521
(Decrease) in cash in the period	6	(274)	(23)	(108)

ASITE plc

NOTES TO THE INTERIM REPORT for the six months ended 30 June 2003

3. LOSS PER SHARE

	Unaudited six months to 30 June 2003	Unaudited six months to 30 June 2002	Audited year to 31 Dec 2002
Basic			
Net loss for the period	(£705,000)	(£1,888,000)	£(4,559,000)
Weighted average number of ordinary shares outstanding	102,910,633	93,771,912	96,526,461
Loss per share:	<u>(0.7p)</u>	<u>(2.0p)</u>	<u>(4.7p)</u>

FRS 14 requires presentation of diluted loss per share when a Company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making Company with outstanding share options, net loss per share would only be increased by the exercise of out-of-the-money options. No adjustment has been made to diluted loss per share for out-of-the-money share options and there are no other diluting future share issues, therefore diluted loss per share has not been presented.

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Group				
At 1 January 2003	10,291	2,442	(14,887)	(2,154)
Minority interest	-	-	92	92
Loss for the period	-	-	(797)	(797)
At 30 June 2003	<u>10,291</u>	<u>2,442</u>	<u>(15,592)</u>	<u>(2,859)</u>

**NOTES TO THE INTERIM REPORT
for the six months ended 30 June 2003**

5. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW

	Unaudited six months to 30 June 2003 £'000	Unaudited six months to 30 June 2002 £'000	Audited year to 31 Dec 2002 £'000
Operating loss	(797)	(2,147)	(5,351)
Depreciation and amortisation	1	760	2,245
Fees received in advance	(66)	-	138
Service charged to operating profit in return for issue of shares	-	50	50
Decrease in stock	-	11	22
Decrease / (increase) in debtors	(79)	207	236
(Decrease) in creditors	(1,131)	(490)	(573)
	(2,072)	(1,609)	(3,233)

6. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS / (DEBT)

	Unaudited six months to 30 June 2003 £'000	Unaudited six months to 30 June 2002 £'000	Audited year to 31 Dec 2002 £'000
(Decrease) in cash in the period	(274)	(23)	(108)
Decrease in debt finance	-	-	19
Decrease in lease finance	-	9	6
	(274)	(14)	(83)
Loan	(2,039)	-	(2,632)
	(2,039)	-	(2,632)
Movement in net (debt) in the period	(2,313)	(14)	(2,715)
Net (debt) / funds at start of period	(2,543)	172	172
Net (debt) / funds at end of period	(4,856)	158	(2,543)

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**NOTES TO THE INTERIM REPORT
for the six months ended 30 June 2003**

7. ANALYSIS OF NET DEBT

	At 1 Jan 2003 £'000	Movement £'000	At 30 June 2003 £'000
Cash	89	(89)	-
Uncleared payments	-	(185)	(185)
	<hr/>	<hr/>	<hr/>
Loan	89 (2,632)	(274) (2,039)	(185) (4,671)
	<hr/>	<hr/>	<hr/>
	(2,543)	(2,313)	(4,856)
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