

**ASITE PLC**

**Interim Report**

**for the six months ended 30 June 2006**

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**INTERIM REPORT  
For the six months ended 30 June 2006**

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# **ASITE PLC**

## **INTERIM REPORT**

**For the six months ended 30 June 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **SECRETARY**

Ms Amanda Heald

#### **REGISTERED OFFICE**

Unit E2, 3rd Floor  
Zetland House  
5/25 Scrutton Street  
London  
EC2A 4HJ

#### **DIRECTORS**

Mr Colin Goodall  
Mr Walter Goldsmith  
Mr Mathew Riley  
Mr Peter Rogers  
Mr Robert Tchenguiz  
Mr Gordon Ashworth  
Mr Nathan Doughty  
Mr Tony Ryan

#### **NOMINATED ADVISER**

Deloitte & Touche LLP  
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**

Mazars LLP  
24 Bevis Marks  
London EC3A 7NR

**CHAIRMAN'S STATEMENT**  
**For the six months ended 30 June 2006**

**Results and Dividends**

The Group's operating loss of £0.331 million compares with a loss of £0.959 million in the six months ended 30 June 2005 and £1.316 million for the 12 months ended 31 December 2005. Included in administrative expenses is depreciation which amounted to £0.161 million in the period. The operating loss before depreciation in the period was, therefore, £0.17 million, representing an improvement of £0.558 million over the corresponding period.

The loss per share was 0.2p compared with 0.5p and 0.7p for the previous half year and full year respectively. The Board does not propose declaring a dividend (30 June 2005: nil).

**Development of the Group**

The Group's strategy of reducing reliance on reseller agreements is now almost complete. As a result, whilst turnover was slightly down, gross profit remained relatively stable at £0.561 million.

Asite released Version 2.0 of its construction workflow software which covers sourcing, procurement, and collaboration within the supply chain.

In February 2005, Mr Gordon Ashworth was appointed Acting Chief Executive Officer. Having completed the strategy of reducing the Group's cost base Mr Gordon Ashworth stepped down in May 2006, however, he remains as a non executive director of the Group. Mr Tony Ryan was appointed Chief Executive Officer in May 2006. The Board will continue to monitor the position with regard to appointing a Finance Director.

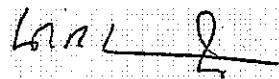
**Operational Review**

Take-up and usage of Asite technology remains strong. The number of users accessing the platform between January and June 2006 totals 404,604, an increase of 45% on the same period in 2005.

In August 2006 Asite was awarded a contract for collaboration services from the Welsh Health Estates and was designated as their preferred supplier for the "Designed for Life: Building for Wales" initiative.

**Prospects**

In the first half of 2006 the Group has continued to reduce costs whilst maintaining revenue levels. In mid-June 2006, the Group increased its sales team and is now focused on a growth strategy. The Board believes that the Group is on course to a position of profitable trading and continues to innovate to improve the state of software development for the construction industry.



Mr Colin Goodall  
Chairman  
27 September 2006

**ASITE PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the six months ended 30 June 2006**

	Note	Unaudited six months to 30 June 2006 £'000	Unaudited six months to 30 June 2005 £'000	Audited year to 31 Dec 2005 £'000
<b>TURNOVER</b>		719	793	1,529
<b>Cost of sales</b>		(158)	(210)	(377)
<b>Gross Profit</b>		561	583	1,152
<b>Sales &amp; distribution costs</b>		(125)	(221)	(361)
<b>Administration expenses</b>		(770)	(1,321)	(2,107)
Exchange gain arising on translation		3	-	-
<b>OPERATING LOSS</b>		(331)	(959)	(1,316)
Net finance costs		-	(3)	(11)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(331)	(962)	(1,327)
Tax credit on loss on ordinary activities		-	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(331)	(962)	(1,327)
Minority interest		-	5	7
<b>LOSS FOR THE PERIOD</b>		(331)	(957)	(1,320)
Loss per share – basic and diluted	3	(0.2p)	(0.5p)	(0.7p)

There are no recognised gains or losses in either financial period other than the loss for each period, and therefore, no statement of total recognised gains and losses has been prepared.

All transactions are derived from continuing operations.

ASITE PLC

**CONSOLIDATED BALANCE SHEET**  
As at 30 June 2006

	Note	Unaudited at 30 June 2006 £'000	Unaudited at 30 June 2005 £'000	Audited at 31 Dec 2005 £'000
<b>FIXED ASSETS</b>				
Tangible assets		586	854	738
<b>CURRENT ASSETS</b>				
Debtors		407	490	513
Work in progress		105	115	104
Cash at bank		49	96	7
		<u>561</u>	<u>701</u>	<u>624</u>
<b>CREDITORS: amounts falling due within one year</b>		<b>(1,023)</b>	<b>(1,299)</b>	<b>(1,232)</b>
		<u>(462)</u>	<u>(598)</u>	<u>(608)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>124</b>	<b>256</b>	<b>130</b>
<b>CREDITORS: amounts falling due after more than one year</b>		<b>(1,313)</b>	<b>(558)</b>	<b>(977)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		<b>(28)</b>	<b>(219)</b>	<b>(39)</b>
<b>EQUITY MINORITY INTERESTS</b>		<b>9</b>	<b>7</b>	<b>9</b>
		<u>(1,208)</u>	<u>(514)</u>	<u>(877)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	4	18,750	18,750	18,750
Share premium account	4	2,442	2,442	2,442
Profit and loss account	4	(22,400)	(21,706)	(22,069)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<b>(1,208)</b>	<b>(514)</b>	<b>(877)</b>

These financial statements were approved by the Board of Directors on 27 September 2006.  
Signed on behalf of the Board of Directors

  
Mr Tony Ryan  
Chief Executive Officer

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the six months ended 30 June 2006**

	Note	Unaudited six months to 30 June 2006 £'000	Unaudited six months to 30 June 2005 £'000	Audited year to 31 Dec 2005 £'000
<b>Net cash outflow from operating activities</b>	5	(259)	(452)	(881)
<b>Returns on investments and servicing of finance</b>				
Interest received		-	1	1
Interest paid		-	(4)	(4)
<b>Net cash out flow from returns on investments and servicing of finance</b>		-	(3)	(3)
<b>Capital expenditure</b>				
Payments to acquire tangible assets		(9)	(34)	(102)
Receipts from sale of tangible assets		-	-	1
<b>Net cash outflow from capital expenditure</b>		(9)	(34)	(101)
<b>Net cash outflow before financing</b>		(268)	(489)	(985)
<b>Financing</b>				
Net proceeds from borrowings		340	558	977
<b>Net cash inflow from financing</b>		340	558	977
<b>Increase / (decrease) in cash in the period</b>	6	72	69	(8)

**NOTES TO THE INTERIM REPORT  
For the six months ended 30 June 2006**

**1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The early stage of development of the Group's business is such that there can be considerable unpredictable variation in the amount of revenue and timing and amounts of cash flows. The directors have projected cash flow information for the period to 31 December 2007. On the basis of this cash flow information, the directors are of the opinion that additional funding will be required. The directors are working towards bringing the Group to a level of profitable trading. In doing so, they are assessing, on a regular basis, cost levels, sales activities and research and development expenditure.

Over the past twelve months, Mr Robert Tchenguiz has provided the Group with the financial support it has required in the form of a loan from R20 Limited, of which Mr Robert Tchenguiz is a director. The directors believe that Mr Robert Tchenguiz will continue to provide the funding required and have received written confirmation from him that he intends to provide this funding in the form of an additional loan facility, which amounts to £0.711million at 31 December 2005 and that he will not call for the repayment of this new loan before 31 December 2007. The total loan facility amounts to £1.688million. The balance drawn on these facilities was £1.317million at 30 June 2006.

There is inherent uncertainty as to the realisation of the forecasts. The directors consider that in preparing the financial statements they have taken into account the uncertainty and all information that could reasonably be expected to be available. On this basis, the directors have formed a judgement at the time of approving the financial statements that they consider it appropriate to prepare these financial statements on the going concern basis. The financial statements do not include any adjustments that would result should the going concern basis of accounting no longer be appropriate.

If the Group were unable to continue in operational existence for the foreseeable future, adjustments would have been made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify assets and long-term liabilities as current assets and liabilities.

**2. COMPANIES ACT 1985**

These accounts are not the statutory accounts of the Group. The statutory group accounts of Asite plc for the year to 31 December 2005 were filed with the Registrar of Companies, following the AGM on 27 July 2006. The interim report contains financial information on the year ended 31 December 2005 which constitutes non-statutory accounts for the purposes of section 240 of the Companies Act 1985. The auditors provided an emphasis of matter on their opinion on these accounts on the basis of the ability of Asite Plc to continue as a going concern as detailed in note 1. The numbers in the interim financial statements to 30 June 2006 are not audited.

The financial statements are prepared in accordance with applicable accounting standards. They have all been applied consistently throughout the year and the preceding year.



**NOTES TO THE INTERIM REPORT (Continued)**  
**For the six months ended 30 June 2006**

**3. LOSS PER SHARE**

	Unaudited six months to 30 June 2006	Unaudited six months to 30 June 2005	Audited year to 31 Dec 2005
<b>Basic</b>			
Net loss for the period	£(331,000)	£(957,000)	£(1,320,000)
Weighted average number of ordinary shares outstanding	187,495,637	187,495,637	187,495,637
Loss per share:	0.2p	0.5p	0.7p

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 is the same as basic loss per share.

**4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
<b>Group</b>				
At 1 January 2006	18,750	2,442	(22,069)	(877)
Loss for the period	-	-	(331)	(331)
<b>At 30 June 2006</b>	<b>18,750</b>	<b>2,442</b>	<b>(22,400)</b>	<b>(1,208)</b>

**NOTES TO THE INTERIM REPORT (Continued)**  
**For the six months ended 30 June 2006**

**5. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW**

	Unaudited six months to 30 June 2006 £'000	Unaudited six months to 30 June 2005 £'000	Audited year to 31 Dec 2005 £'000
Operating loss	(331)	(959)	(1,316)
Depreciation of tangible assets	161	231	408
Loss on disposal of fixed assets	-	-	6
Fees received in advance	(9)	(8)	4
Increase in work in progress	(1)	(31)	(20)
Decrease / (increase) in debtors	101	8	(15)
Decrease in share capital not paid	-	199	199
(Decrease) / increase in creditors	(169)	128	53
Decrease in provisions	(11)	(20)	(200)
	<u>(259)</u>	<u>(452)</u>	<u>(881)</u>

**6. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Unaudited six months to 30 June 2006 £'000	Unaudited six months to 30 June 2005 £'000	Audited year to 31 Dec 2005 £'000
Increase / (decrease) in cash in the period	72	69	(8)
Funding received	(340)	(558)	(977)
Movement in net debt in the period	<u>(268)</u>	<u>(489)</u>	<u>(985)</u>
Net debt at start of period	(1,008)	(23)	(23)
Net debt at end of period	<u>(1,276)</u>	<u>(512)</u>	<u>(1,008)</u>

**NOTES TO THE INTERIM REPORT (Continued)**  
**For the six months ended 30 June 2006****7. ANALYSIS OF NET DEBT**

	At 1 Jan 2006 £'000	Movement £'000	At 30 June 2006 £'000
Cash	7	42	49
Overdraft	(38)	30	(8)
	<u>(31)</u>	<u>72</u>	<u>41</u>
Loan	(977)	(340)	(1,317)
	<u>(1,008)</u>	<u>(268)</u>	<u>(1,276)</u>