Company Registration No. 2004015

ASITE PLC

Interim Report

for the six months ended 30 June 2005

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for the six months ended 30 June 2005

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CHAIRMAN'S STATEMENT
for the six months ended 30 June 2005

Results and dividends

In my statement to shareholders in the Annual Report for the year ended 31 December 2004 I referred to the challenging conditions and technical issues faced by the Group in the second half of 2004. I am pleased to report that the technical issues alluded to have now been resolved and we have seen an improvement in new contract sales in the first half of 2005.

The Group's operating loss of £0.959million compares with a loss of £0.843million in the six months ended 30 June 2004, and £3.931million in the 12 months ended 31 December 2004. Net cash outflow before refinancing was reduced from £1.204million to £0.489million. As at the year ended 31 December 2004 development of the Group's flagship product, Asite Project Workflow, was substantially complete. Accordingly, the Group ceased capitalising development costs, in accordance with the Group policy on capitalisation of development costs, in January this year. In the first half of 2004 £0.471million of costs were capitalised. When comparing operating losses in the first half of 2005 with those of 2004 including development costs, it is clear that the Group has made substantial progress in reducing its cost base.

The loss per share was 0.5p compared with 0.7p and 3.6p (losses) respectively in the previous half and full year. Turnover edged ahead to £0.793million from £0.788million. However, more importantly, our gross profit increased to £0.583million from £0.382million, an increase of 53%. This significant improvement reflects our reduced dependency on reseller agreements.

Development of the Group

The Group has now completed building its software development team in India where 62 staff are currently employed. In addition to development, system operations, design, testing and support activities are all carried out from our operations there. We have continued to reduce our cost base in the UK; as at 30 June 2005 our UK gross payroll costs had reduced to 50% of the comparative level as at 30 June 2004.

We continue to bring improved versions of our products to the market. We have released two new versions of Asite Project Workflow and Asite Tender this year. Prior to the release of new products vigorous internal and external user acceptance testing has been undertaken to ensure that required quality levels are achieved.

The Group entered in to a framework agreement with a major customer, Laing O'Rourke, whereby Asite services are procured by it at agreed rates, subject to a cap, over a three year period. The Group was also awarded a contract to provide collaboration services to Stanhope Properties plc in relation to the redevelopment of Bracknell Town Centre. This contract has a value of £0.435million.

In March this year Mr Thomas Dengenis resigned as Group Chief Executive. Following his resignation, Mr Gordon Ashworth was appointed Acting Chief Executive Officer and the Board continues to keep this position under review.

Operational review

The value of new sales contracts won during the six months ended 30 June 2005 amounted to £1.498million. As at 30 June 2005 the value of our contracted sales pipeline stood at £3.4million compared with an amount of £2.9million as at 30 June 2004.

Take up and usage of Asite's products remains strong. Total users accessing our platform have increased by 23% between January and June 2005. The total number of organisations registered on the platform has increased by 31% to 2,225 as at 30 June 2005. We are starting to experience growth in traffic through our business transaction gateway, which allows suppliers and buyers to connect their accounting and procurement systems. The number of transactions being processed through this system increased by 68 % in the first six months of 2005. The operational stability of the platform continues to improve with performance levels remaining above client contractual requirements.

CHAIRMAN'S STATEMENT (Continued)
for the six months ended 30 June 2005

Prospects

The second half of 2004 represented a set back in Asite's path to sustainable and profitable trading. We have now addressed the technical issues which held the Group back. In addition we have reduced our UK costs to a more sustainable level. The Group is now focussing its available resources on sales and business development and our progress in the first half of 2005 has been promising.

In the annual report and accounts for the year ended 31 December 2004 reference was made to the continued support required from Mr Robert Tchenguiz. As at 30 June 2005 Asite plc remained within the borrowing limits set out in that report. At the Annual General Meeting held on 26 July 2005 consent was obtained from shareholders, inter alia, to grant a specific charge over the Intellectual Property of the Group to Mr Tchenguiz as security for the loans that he has made available.

The directors believe that all reasonable actions required to bring the business to a position of sustainable and profitable trading are being undertaken by the executive directors of the Group. These include the reduction of costs, the off shoring of development activities to a sustainable cost area and through the maintenance of a strong focus on business development. The directors are confident that Asite will continue to make progress towards profitable and sustainable trading.

Mr Colin Goodall
Chairman
28 September 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 June 2005

	Note	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 £'000	Audited year to 31 Dec 2004 £'000
TURNOVER		**793**	788	1,674
Cost of sales		**(210)**	(406)	(768)
Gross Profit		**583**	382	906
Sales & distribution costs		**(221)**	(196)	(450)
Administration expenses		**(1,321)**	(1,029)	(2,128)
Write off of goodwill arising on acquisition of shares in subsidiary		**-**	-	(2,259)
OPERATING LOSS		**(959)**	(843)	(3,931)
Net finance costs		**(3)**	-	(31)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(962)**	(843)	(3,962)
Tax credit on loss on ordinary activities		**-**	-	-
LOSS ON ORDINARY ACTIVITES AFTER TAXATION		**(962)**	(843)	(3,962)
Minority interest		**5**	119	222
LOSS FOR THE PERIOD		**(957)**	(724)	(3,740)
Loss per share – basic and diluted	3	**(0.5p)**	(0.7p)	(3.6p)

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.

CONSOLIDATED BALANCE SHEET
As at 30 June 2005

	Note	Unaudited at 30 June 2005 £'000	Unaudited at 30 June 2004 £'000	Audited at 31 Dec 2004 £'000
CALLED UP EQUITY SHARE CAPITAL NOT PAID		**-**	-	199
FIXED ASSETS				
Tangible assets		**854**	718	1,051
CURRENT ASSETS				
Debtors		**490**	530	498
Work in progress		**115**	74	84
Cash at bank		**96**	126	39
		701	730	621
CREDITORS: amounts falling due within one year		**(1,299)**	(1,306)	(1,191)
		(598)	(576)	(570)
TOTAL ASSETS LESS CURRENT LIABILITIES		**256**	142	680
CREDITORS: amounts falling due after more than one year		**(558)**	(7,299)	-
PROVISIONS FOR LIABILITIES AND CHARGES		**(219)**	-	(239)
EQUITY MINORITY INTERESTS		**7**	2,157	2
		(514)	(5,000)	443
CAPITAL AND RESERVES				
Called up share capital	4	**18,750**	10,291	18,750
Share premium account	4	**2,442**	2,442	2,442
Profit and loss account	4	**(21,706)**	(17,733)	(20,749)
EQUITY SHAREHOLDERS' DEFICIT		**(514)**	(5,000)	443

These financial statements were approved by the Board of Directors on 28 September 2005.
Signed on behalf of the Board of Directors

Mr Gordon Ashworth
Finance Director

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2005

	Note	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 £'000	Audited year to 31 Dec 2004 £'000
Net cash outflow from operating activities	5	**(452)**	(970)	(1,314)
Returns on investments and servicing of finance				
Interest received		**1**	1	2
Interest paid		**(4)**	(1)	(3)
Net cash out flow from returns on investments and servicing of finance		**(3)**	-	(1)
Capital expenditure				
Payments to acquire tangible assets		**(34)**	(234)	(1,198)
Net cash outflow from capital expenditure		**(34)**	(234)	(1,198)
Net cash outflow before financing		**(489)**	(1,204)	(2,513)
Financing				
Net proceeds from borrowings		**558**	1,327	2,487
Net cash inflow from financing		**558**	1,327	2,487
Increase / (Decrease) in cash in the period	6	**69**	123	(26)

NOTES TO THE INTERIM REPORT
for the six months ended 30 June 2005

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 30 June 2006. 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 loans from two companies, Rotch Property Group Limited and R20 Limited, of which Mr Robert Tchenguiz is a director. In accordance with the capital restructuring the Group allotted 84,585,014 B Ordinary shares to Rotch Property Group Limited and R20 Limited the consideration for which was the forgiveness of £8.459m of loans that these companies had made to the Group. 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 a new loan facility, which amounts to £0.722million and that he will not call for the repayment of this new loan before 31 December 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 2004 were filed with the Registrar of Companies, following the AGM on 25 July 2005. The interim report contains financial information on the year ended 31 December 2004 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 2005 are neither reviewed nor 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 2005

3. LOSS PER SHARE

	Unaudited six months to 30 June 2005	Unaudited six months to 30 June 2004	Audited year to 31 Dec 2004
Basic			
Net loss for the period	**£(957,000)**	£(724,000)	£(3,740,000)
Weighted average number of ordinary shares outstanding	**187,495,637**	102,910,633	103,142,363
Loss per share:	**0.5p**	0.7p	3.6p

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
Group				
At 1 January 2005	18,750	2,442	(20,749)	443
Minority interest	-	-	5	5
Loss for the period	-	-	(962)	(962)
At 30 June 2005	**18,750**	**2,442**	**(21,706)**	**(514)**

NOTES TO THE INTERIM REPORT (Continued)
for the six months ended 30 June 2005

5. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW

	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 £'000	Audited year to 31 Dec 2004 £'000
Operating loss	**(959)**	(843)	(3,931)
Software development costs capitalised	**-**	(471)	-
Depreciation and amortisation of tangible assets	**231**	63	224
Amortisation of goodwill on deemed acquisition	**-**	-	2,259
Fees received in advance	**(8)**	16	35
Provision for redundancy	**-**	89	-
Increase in work in progress	**(31)**	(74)	(84)
Decrease / (increase) in debtors	**8**	(162)	(130)
Decrease / (increase) in share capital not paid	**199**	-	(199)
Increase in creditors	**128**	412	273
(Decrease) / increase in provisions	**(20)**	-	239
	(452)	(970)	(1,314)

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

	Unaudited six months to 30 June 2005 £'000	Unaudited six months to 30 June 2004 £'000	Audited year to 31 Dec 2004 £'000
Increase / (decrease) in cash in the period	**69**	123	(26)
Funding received	**(558)**	(1,327)	(2,487)
Loan conversion	**-**	-	8,459
Movement in net debt in the period	**(489)**	(1,204)	5,946
Net debt at start of period	**(23)**	(5,969)	(5,969)
Net debt at end of period	**(512)**	(7,173)	(23)

NOTES TO THE INTERIM REPORT (Continued)
for the six months ended 30 June 2005

7. ANALYSIS OF NET DEBT

	At 1 Jan 2005 £'000	Movement £'000	At 30 June 2005 £'000
Cash	39	57	**96**
Overdraft	(62)	12	**(50)**
	(23)	69	**46**
Loan	-	(558)	**(558)**
	(23)	(489)	**(512)**