**31 May 2006**

**ASITE PLC**

**FULL YEAR RESULTS ANNOUNCEMENT**

# YEAR ENDED 31 DECEMBER 2005

**Highlights:**

- Pre exceptional pre minority loss reduced from £1.70m to £1.3m
- Pre exceptional pre minority loss reduced from £0.96m in the first half of 2005 to £0.36m in the second half of 2005
- Gross profit increased from £0.91m to £1.15m (up 27%)
- Operating costs, excluding exceptional items, reduced to £2.8m from £3.35m
- Net cash outflow from operating activities reduced from £1.31m to £0.88m

**Colin Goodall , Chairman of Asite plc comments:**

"Despite significant internal change within the Group during the year gross operating margins have been increased and operating costs reduced. It is most pleasing to note that the pre exceptional pre minority loss recorded in the second half of 2005 fell to £0.36m, being an improvement of £0.60m over the comparative loss recorded in the first half of 2005. We have invested heavily in our product base and we are seeing improved demand for our collaboration and sourcing solutions in the first half of 2006. Whilst progress towards profitable and sustainable trading has been slower than expected the actions taken to improve margins and reduce costs have now started to have a real impact on the Group's performance"

**For further information:**


| | |
|---|---|
| Asite plc | |
| Gordon Ashworth, Chief Executive Officer and Finance Director | Tel: 020 7749 7880 |
| Tony Ryan, Chief Operating Officer | Tel: 020 7749 7880 |
| Deloitte & Touche LLP | |
| Richard Collins | Tel: 020 7936 3000 |

# CHAIRMAN'S STATEMENT

**Results and dividends**

In the Interim Report for the six months ended 30 June 2005 Group operating losses were reported of £0.959m. I am pleased to report that the Group has made significant further progress towards profitable and sustainable trading and for the full year ended 31 December 2005 the Group's operating losses prior to exceptional items fell to £1.316m (2004 - £1.672m). Looking at the second half of 2005 in isolation it can be seen that the Group's operating losses prior to the exceptional items fell to £0.357m (comparative 2004 - £0.829m). Whilst it is regrettable that the Group has as yet not recorded an operating profit it is clear the Group has made considerable progress towards a position of break even trading. The Group's gross revenues are down 9% on 2004, however, in line with our strategy to cease being a reseller of third party products, our gross profits have increased 27% to £1.152m. In line with the Group's reduced losses, the net cash outflow before financing fell from £2.513m to £0.985m. The Board is not recommending a dividend this year (2004 - £nil).

**Development of the Group**

During 2005 the Group continued to invest in its own Intellectual Property. In July 2005 the group successfully launched version 1.4 of Project Workflow, Asite's flagship product. In the second half of the year investment continued in Project Workflow Version 2.0, which was launched in February 2006. This launch encompassed a major architectural re-design of the system and included significant new functionality. Version 2.0 of Project Workflow is highly significant to the Group as in terms of functionality and core technology the product is now highly differentiated against the competition within the Group's market place. Utilisation of the system increased throughout the year; in January 2005 12,000 users accessed the system from 1,700 organisations whereas at the end of 2005 the comparative figures were 17,000 and 2,700 respectively.

The development of our Hub business was most encouraging during the year. On the Asite Hub, Asite facilitates the exchange of data between buyers and suppliers of goods. This exchange of data can take the form of the exchange of electronic documents such as invoices and purchase orders. We are seeing growth in fully integrated exchanges of data where Asite will connect the procurement systems of buyers with the sales ordering and invoicing systems of suppliers. The Asite Hub is a subscription model which will take time to build to critical mass; in January 2005 the Asite Hub was processing 125,000 documents per month, whereas at the end of 2005 the hub was processing 312,500 documents per month and we are continuing to see growth at 6% per month in the first part of 2006.

We continued to reduce our cost base and the final component of this was achieved in December 2005 when the Group relocated its offices. The operating cost base at the start of 2006 is now running at 70% of the comparative 2005 level.

We have now completed our development capacity in India where we have 62 staff covering design, coding, testing, systems operations and support. In November 2005 we integrated these activities in to a newly formed Indian subsidiary, Asite Solutions Private Limited.

Sir John Egan stepped down as a Non-Executive Director in December 2005 to focus on his Chairmanship of Severn Trent plc. I would like to take this opportunity of thanking him for his services over the past five years. In March 2005 Mr Tom Dengenis resigned and Mr Gordon Ashworth took over as Acting Chief Executive and this position was made permanent in December 2005. Having completed the restructuring of the business and brought the Group's cost base down to a sustainable level Mr Gordon Ashworth has decided to step down as Chief Executive Officer. He has kindly agreed to act as a Non-Executive Director and the Board welcomes him to this position. Additionally the Board would like to thank him for his services over the past two years to the Group. The Board has appointed Mr Tony Ryan as Chief Executive Officer from June 2006, and it will keep the position of Finance Director under review. I am a Non-Executive Director of four other companies. It is the opinion of the Board that these roles do not constitute any impediment to me being able to discharge my duties at Asite.

**Operational review**

We have continued to focus our sales resource on our major client relationships including Laing O'Rourke, Stanhope, Grosvenor Estates and BAA. In particular in April 2005 Asite was awarded a contract for collaboration services from Stanhope in relation to the redevelopment of Bracknell town centre. In the early part of 2006 the Group was pleased to be awarded a contract for the provision of collaboration services to the Lansdowne Road Stadium Development Company Limited (Dublin).

Through the development of our Hub business we have provided data logistics services to some of the major suppliers to the construction industry in the UK. Having invested heavily in our product suite and the restructuring of our cost base now completed, we are now in the process of building our sales team to deliver on increased revenues. As described in note 1 to the preliminary results, the Company believes that it has adequate funding in place to support the Group through to a position of profitable and sustainable trading.

**Outlook**

Our progress towards profitable and sustainable trading has been considerably slower than anticipated, however, as noted, and in particular in the second half of 2005, the Group made significant progress towards achieving this. The directors are satisfied with the position of the companies within the Group at 31 December 2005. The Group entered 2006 with a contracted pipeline for 2006 of £1.4m and a total contracted pipeline through to 2016 of £3.1m. These factors, along with the planned investment in our sales capacity position Asite well for the future.

Mr Colin Goodall
Chairman

31 May 2006

## ASITE PLC
## CONSOLIDATED PROFIT AND LOSS ACCOUNT
**For the year ended 31 December 2005**

| | Note | 2005<br>£'000 | 2004<br>£'000 |
|---|---|---|---|
| **TURNOVER** | | **1,529** | 1,674 |
| Cost of sales | | **(377)** | (768) |
| **Gross profit** | | **1,152** | 906 |
| **Sales & distribution costs** | | **(361)** | (450) |
| **Administration expenses excluding exceptional item** | | **(2,107)** | (2,128) |
| Write off of goodwill arising on acquisition of shares in subsidiary | | **-** | (2,259) |
| **Administration expenses including exceptional item** | | **(2,107)** | (4,387) |
| **OPERATING LOSS** | | **(1,316)** | (3,931) |
| Net finance costs | | **(11)** | (31) |
| **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **(1,327)** | (3,962) |
| Tax credit on loss on ordinary activities | | **-** | - |
| **LOSS ON ORDINARY ACTIVITES AFTER TAXATION** | | **(1,327)** | (3,962) |
| Minority interest | | **7** | 222 |
| **LOSS FOR THE FINANCIAL YEAR** | | **(1,320)** | (3,740) |
| Loss per share – basic & diluted | 3 | **(0.7p)** | (3.6p) |

There are no recognised gains or losses in either financial year other than the loss for each year, 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
**At 31 December 2005**

| | Note | 2005 £'000 | 2004 £'000 |
|---|---|---|---|
| **CALLED UP EQUITY SHARE CAPITAL NOT PAID** | | **-** | 199 |
| **FIXED ASSETS** | | | |
| Tangible assets | | **738** | 1,051 |
| **CURRENT ASSETS** | | | |
| Debtors | | **513** | 498 |
| Work in progress | | **104** | 84 |
| Cash at bank | | **7** | 39 |
| | | **624** | 621 |
| **CREDITORS: amounts falling due within one year** | | **(1,232)** | (1,191) |
| **NET CURRENT LIABILITIES** | | **(608)** | (570) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **130** | 680 |
| **CREDITORS: amounts falling due after more than one year** | | **(977)** | - |
| **PROVISIONS FOR LIABILITIES AND CHARGES** | | **(39)** | (239) |
| **EQUITY MINORITY INTERESTS** | | **9** | 2 |
| | | **(877)** | 443 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | | **18,750** | 18,750 |
| Share premium account | | **2,442** | 2,442 |
| Profit and loss account | | **(22,069)** | (20,749) |
| **EQUITY SHAREHOLDERS' (DEFICIT) / FUNDS** | 4 | **(877)** | 443 |

**ASITE PLC**
**CONSOLIDATED CASH FLOW STATEMENT**
**For the year ended 31 December 2005**

| | Note | 2005 £'000 | 2004 £'000 |
|---|---|---|---|
| **Net cash outflow from operating activities** | 5 | **(881)** | (1,314) |
| **Returns on investments and servicing of finance** | | | |
| Interest received | | **1** | 2 |
| Interest paid | | **(4)** | (3) |
| **Net cash outflow from returns on investments and servicing of finance** | | **(3)** | (1) |
| **Capital expenditure** | | | |
| Payments to acquire tangible assets | | **(102)** | (1,198) |
| Proceeds from sale of tangible assets | | **1** | - |
| **Net cash outflow from capital expenditure** | | **(101)** | (1,198) |
| **Net cash outflow before financing** | | **(985)** | (2,513) |
| **Financing** | | | |
| Net proceeds from borrowings | | **977** | 2,487 |
| **Net cash inflow from financing** | | **977** | 2,487 |
| **Decrease in cash in the year** | | **(8)** | (26) |

# ASITE PLC
# NOTES TO THE PRELIMINARY RESULTS
# For the year ended 31 December 2005

## 1. BASIS OF PREPARATION

**Going concern**

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 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 and that he will not call for the repayment of this new loan before 31 December 2007.

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

The preliminary results have been prepared in accordance with applicable accounting standards. The particular accounting policies are disclosed in the Annual Report and Accounts 2005. They have all been applied consistently throughout the year and the preceding year.

This preliminary announcement contains financial information on the year ended 31 December 2004 and 31 December 2005 which constitutes non statutory accounts for the purposes of section 240 of the Companies Act 1985. The statutory Group Accounts of Asite plc for the year ended 31 December 2004 were filed at the Registrar of Companies, following the AGM on 25 July 2005.The statutory Group Accounts of Aiste plc for the year ended 31 December 2005 will be filed following the AGM to be held on 27 July 2006 .

The auditors provided an emphasis of matter on their opinion on the statutory accounts for the years ended 31 December 2004 and 31 December 2005 on the basis of the ability of Asite plc to continue as a going concern as detailed in note 1.

## 3. LOSS PER SHARE

| | **2005** | **2004** |
|---|---|---|
| **Basic** | | |
| Net loss for the year: | **£(1,320,000)** | £(3,740,000) |
| Weighted average number of ordinary shares outstanding | **187,495,637** | 103,142,363 |
| Loss per share: | **0.7p** | 3.6p |

FRS 22 (IAS 33) 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 decreased by the exercise of out-of-the-money share 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 identical to the basic loss per share.

## 4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT) / FUNDS

| | **2005 £'000** | **2004 £'000** |
|---|---|---|
| Loss for the period | **(1,327)** | (3,962) |
| Issue of new share capital from loan conversion | **-** | 8,459 |
| Minority interest | **7** | 222 |
| | **(1,320)** | 4,719 |
| Opening shareholders' fund / (deficit) | **443** | (4,276) |
| Closing shareholders' (deficit) / funds | **(877)** | 443 |

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

| | 2005 £'000 | 2004 £'000 |
|---|---|---|
| Operating loss | **(1,316)** | (3,931) |
| Depreciation of tangible assets | **408** | 224 |
| Amortisation of goodwill on deemed acquisition | **-** | 2,259 |
| Loss on disposal of fixed assets | **6** | - |
| Fees received in advance | **4** | 35 |
| Increase in work in progress | **(20)** | (84) |
| Increase in debtors | **(15)** | (130) |
| Decrease / (increase) in share capital not paid | **199** | (199) |
| Increase in creditors | **53** | 273 |
| (Decrease) / increase in provisions | **(200)** | 239 |
| Net cash flow from operating activities | **(881)** | (1,314) |

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

| | 2005 £'000 | 2004 £'000 |
|---|---|---|
| Decrease in cash in the year | **(8)** | (26) |
| Funding received | **(977)** | (2,487) |
| Loan conversion | **-** | 8,459 |
| Movement in net debt in the year | **(985)** | 5,946 |
| Net debt at 1 January | **(23)** | (5,969) |
| Net debt at 31 December | **(1,008)** | (23) |

## 7. ANALYSIS OF NET DEBT

| | At 1 January 2005 £'000 | Cash flows £'000 | At 31 December 2005 £'000 |
|---|---|---|---|
| Cash | 39 | (32) | **7** |
| Overdraft | (62) | 24 | **(38)** |
| | (23) | (8) | **(31)** |
| Loan | - | (977) | **(977)** |
| | (23) | (985) | **(1,008)** |

## 8. APPROVAL OF THIS PRELIMINARY ANNOUNCEMENT

This announcement was approved by the Board of Directors on 31 May 2006.