Company Registration No. 2004015

ASITE PLC

Annual Report and Accounts

31 December 2006

ASITE PLC

ANNUAL REPORT AND ACCOUNTS 2006

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ASITE PLC

ANNUAL REPORT AND ACCOUNTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

SECRETARY
Ms Amanda Heald

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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

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Deloitte & Touche LLP
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Bourne House
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AUDITORS
PricewaterhouseCoopers LLP
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Uxbridge UB8 1EX

CHAIRMAN'S STATEMENT

Results and dividends
The Group's performance improved on the previous year with operating losses reducing to £0.857m, an improvement of £0.552m (2005: loss £1.409m). This operating loss is after charging research and development (R&D) costs of £0.622m (2005: £0.731m) during the year. The Group continued to invest in its core technology, the Asite Business Operating System (ABOS) and the Board believes that this investment will allow the Group to differentiate itself in its markets which will lead to sustainable trading in due course. Operating costs include £0.182m (2005: £0.182m) relating to amortisation of capitalised R&D costs from previous years and £0.119m (2005:£0.226m) relating to depreciation of fixed assets, accordingly the group made an operating profit before depreciation, amortisation and R&D costs of £0.066m, a significant improvement on the position as at 31 December 2005 (loss of £0.270m). The Group continues to make considerable progress towards profitability. In line with the Group's reduced losses, the net cash outflow before financing fell from £0.985m to £0.635m. The loss per share was 0.5p compared to 0.7p for the previous year. The Board is not recommending a dividend this year (2005: £nil).

Development of the Group
The Group successfully released version 2.0 of the ABOS platform in February 2006 and continued to invest in two new core technologies to complete its product stable, namely, Asite Workspace (AWS) and the Asite collaborative Building Information Model (cBIM). These new products were released in the first part of 2007 and have significantly improved the Groups position in its markets. The AW brings the existing platform to a wider audience enabling lower cost of entry and ease of use. cBIM is a highly innovative Information Modelling tool. Utilisation of the system increased throughout the year, during January 2006 18,718 users accessed the system from 2,781 organisations whereas at the end of 2006 the comparative figures were 24,716 (up 32%) and 3,457 (up 29%) respectively.

Take up of our ABOS platform was extremely encouraging in 2006. 848,167 documents were published on the system. Users accessing the system increased by 32% and 676 new companies entered the Asite community. The Group is considering ways in which its pricing model can be changed to improve revenues across the different user classes of its client community and the Board believes that benefits from this will begin to be seen in 2007, in particular the Group is considering the introduction of a per user price model. Finally our trading hub saw an increase in trading volumes of 34%.

By June 2006 the Group had completed its cost reduction exercise with the resultant reductions in operating losses as noted above. The focus of the Group since then has been in sales and marketing, and product development.

Following the appointment of Mr Gordon Ashworth as a Non Executive Director in June 2006 Mr Tony Ryan was appointed Group Chief Executive and the Board is pleased with the progress made since this time.

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 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) and subsequently to the Dublin Airport Authorities Pier D project at Dublin Airport. In August 2006 Asite was designated as preferred supplier to the Welsh Health Estates "Designed for Wales" initiative. This has seen five contracts awarded already and a steady pipeline for 2007.

The focus for the Group for 2007 and beyond is to concentrate on growing Sales and we started the year with a significant win in Abu Dhabi – Al Raha Beach Resort. This project, a new city district on 6.8m square metres of reclaimed land, will run for 12 years at a construction spend of US$14.700bn.

CHAIRMAN'S STATEMENT (Continued)

Outlook

The Group made further steps towards profitable and sustainable trading in the second half of 2006. The directors are satisfied with the financial position of the companies within the Group at 31 December 2006. The Group entered 2007 with a contracted pipeline of £5.811million (2006: £3.100m). These factors, along with the planned investment in our sales capacity, position Asite well for the future.

Mr Colin Goodall
Chairman

24 April 2007

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

Principal activities
Asite plc is the parent company of a trading subsidiary, Asite Solutions Limited and its 99.7% owned subsidiary in India, Asite Solutions Private Limited.

Business review
The principal activity of the Group is to provide business to business solutions and services to the whole of the construction industry. The Group continues to invest in the development of its Intellectual Property ("IP"), in particular in improvements to its Collaboration suite, the Asite Hub and the Asite collaborative Building Information Model (cBIM). The Board believes that such investment is essential in maintaining the Group's competitive position. Development costs incurred during the year to 31 December 2006 totalled £0.622m (2005: £0.731m). The directors regard investment in this area as a prerequisite for success in the medium to long term future.

The Board monitors the financial performance of the Group through the monthly production of profit and loss accounts and balance sheets for its Group companies. Additionally information relating to the operating performance of the Group is reported to the Board on a quarterly basis, or more frequently if so requested. The primary indicators of operating performance that the Board reviews are as follows:

- System availability (or uptime). In the year ended 31 December 2006 this amounted to 99.99% (2005: 99.96%);
- Transaction count which during the year increased by 34%;
- System user numbers which increased by 24%; and
- Message volumes being transmitted across the ABOS which increased by 25%

A review of the results for the year and future prospects of the Group is contained in the Chairman's Statement.

Principal risks and uncertainties
The Group has also undertaken a risk review of its operations and has implemented appropriate mitigation strategies for those risks which it has assessed as critical to its ongoing operations. Significant risks identified cover recruitment and retention of key staff, technology obsolescence, client base plurality, product diversity and regulatory environment. The Group continues to monitor these risks and to update and amend mitigating strategies as appropriate.

Results and dividends
The loss for the period after taxation and minority interest amounted to £0.857m (2005: £1.409m loss). The directors do not recommend the payment of a final dividend (2005: £nil).

Annual General Meeting
Notice of an Annual General Meeting of Shareholders accompanies this Report.

Directors and directors' interests
The directors, all of whom either held office during the year or had been appointed as at the date of this report, were as follows:

Name	Position
Mr Colin Goodall	Chairman
Mr Walter Goldsmith	Deputy Chairman
Mr Tony Ryan	Group Chief Executive
Mr Mathew Riley	Non-Executive Director
Mr Peter Rogers	Non-Executive Director
Mr Robert Tchenguiz	Non-Executive Director
Mr Gordon Ashworth	Non-Executive Director
Mr Nathan Doughty	Technology Director

Mr Gordon Ashworth moved from executive to non-executive director on 31 May 2006.

DIRECTORS' REPORT (Continued)

The directors who held office at the end of the financial year had the following interests in the Ordinary shares of the Company, including shareholdings held by connected persons and options held over the Ordinary shares of the Company at 31 December 2006:

	At 31 December 2006		At 31 December 2005	
	Beneficial interest	**Share options**	**Beneficial Interest**	**Share options**
Mr Colin Goodall	**-**	**600,000**	-	600,000
Mr Walter Goldsmith	**550,000**	**500,000**	550,000	500,000
Mr Tony Ryan	**-**	**2,000,000**	-	2,000,000
Mr Peter Rogers	**500,000**	**150,000**	500,000	150,000
Mr Mathew Riley	**-**	**150,000**	-	150,000
Mr Robert Tchenguiz*		**150,000**		150,000
Mr Gordon Ashworth	**35,000**	**2,000,000**	35,000	2,000,000
Mr Nathan Doughty	**307,692**	**1,000,000**	-	1,000,000

* Mr Robert Tchenguiz's holding of shares is comprised of 26,607,062 Ordinary shares and 84,585,014 B Ordinary shares held indirectly through B&C Plaza Limited, Rotch Property Group Limited and R20 Limited. There has been no change in his holding during the year ended 31 December 2006. No other director has an interest in the B Ordinary shares.

Directors' interests in contracts
There were no directors' interests in contracts during the year ended 31 December 2006.

Significant shareholdings
On 16 March 2007, the Company had been notified of the following interests in the ordinary share capital of the Company:

	Ordinary Shares	**%**	**B Ordinary Shares**	**%**
R20 Limited	-	-	70,650,550	83.53
B&C Plaza Limited	26,607,062	25.85	-	-
Plane Investment Limited	15,398,023	14.96		
Rotch Property Group Limited	-	-	13,934,464	16.47
Warrencity Invest Corp	10,834,632	10.53	-	-
Stanhope plc	10,575,965	10.28	-	-

Mr Robert Tchenguiz, a director of Asite plc, has a beneficial interest in B&C Plaza Limited, Rotch Property Group Limited and R20 Limited. These three companies own 59.3% of Asite plc's issued share capital, through Ordinary and B Ordinary shares.

Following the Capital Restructuring announced in June 2004 a new class of share was created (B Ordinary shares). In December 2004 84,585,014 B Ordinary shares were allotted to Rotch Property Group Limited and R20 Limited. The consideration for these shares was received by way of the forgiveness of loans made by these companies to the value of £8.459m. As set out in the Circular dated 25 June 2004, the B Ordinary shares do not carry voting rights and have not been admitted for trading on AIM, but in all other respects rank *pari passu* with the Ordinary shares.

Directors' and officers' liability
Directors' and officers' liability insurance has been purchased by the Group during the year. The Company's Articles of Association provide, subject to the provision of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's directors.

DIRECTORS' REPORT (Continued)

Financial instruments
The Company is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk. The Company's policies for mitigating these risks are outlined in note 16 to the accounts.

Policy on payment of suppliers
The Group does not have a policy to follow any code or standard on payment practice. However, the Group will continue to settle the terms of payment with its suppliers and when agreeing the terms of each transaction, will ensure that those suppliers are aware of the terms of payment and will abide by those terms of payment, unless subsequently renegotiated. Group trade creditors outstanding at 31 December 2006 represented 83 days (2005: 59 days) trade purchases and the Group is working to improve this. This is calculated as the weighted average trade creditors as at the year end.

Auditors' right to information
Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Auditors
Mazars LLP resigned as auditors on 2 February 2007 and PricewaterhouseCoopers LLP were appointed on this date. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Mr Tony Ryan
Chief Executive Officer
24 April 2007

CORPORATE GOVERNANCE

In January 1998, the Hampel Committee published its report on Corporate Governance, which was implemented by the London Stock Exchange as the Combined Code on 25 June 1998. The Combined Code on Corporate Governance was substantially revised during 2003, following the publication of the Higgs report and the Smith report on audit committees. The Combined Code requires that disclosures be made on how the fourteen principles of the Code have been applied (known as 'the appliance statement') and whether or not the Company has complied with these principles (known as 'the compliance statement'). The Combined Code is intended to promote the principles of openness, integrity and accountability.

Statement of compliance with the Code of Best Practice and applying the principles of good governance
The Company is committed to high standards of corporate governance throughout the Group. As an AIM company, Asite plc is not obliged to report its compliance with the Principles of Good Governance and Code of Best Practice published by the Committee on Corporate Governance ("the Combined Code"). Nonetheless, the Group is committed to meeting these principles as far as it reasonably can and the commentary below reflects the extent to which the Group has complied with the Combined Code during the period under review.

Board Effectiveness
The Board which is set up to control the Company and Group meets formally at least four times a year and in the year under review met on four occasions. In addition to the main Board the Group has formed an Executive Committee comprised of the Group's two executive directors and the Chairman and the Deputy Chairman. This Committee has convened more frequently than the main Board. As at the year end the Board was comprised of eight directors – two executive and six Non-Executive directors. Mr Gordon Ashworth resigned as Executive director on 31 May 2006 but remained as a Non-Executive director. Two of the five Non-Executive directors, namely the Chairman, Mr Colin Goodall and the Deputy Chairman, Mr Walter Goldsmith are considered by the Board to be independent, not withstanding the fact that that they have share options in the company.

Each Board meeting receives the latest financial and management information available, which consists of:

- management accounts setting out actual costs and revenues against budgeted costs and revenues;
- cash collections and forecasts;
- a statement of new contract sales compared with budget; and
- a statement of contracted pipeline.

A current trading appraisal is given by the Chief Executive Officer. In months where there is no main Board meeting the executive directors appraise the Executive Committee on progress against targets.

The Board reserves to itself a range of key decisions to ensure it retains proper direction and control of the Group, whilst delegating authority to individual directors who are responsible for the day to day management of the business. In addition, as noted previously, the Chairman and the Deputy Chairman meet with the executive directors on an informal yet frequent basis to discuss progress against budget.

All directors have access to the advice and services of the Company Secretary and can also seek independent professional advice, if necessary, at the Company's expense.

Board appointments
All appointments to the Board are discussed at a full board meeting and each member is given the opportunity to meet the individual concerned prior to an appointment being made.

Chairman and Chief Executive Officer
The Board has shown its commitment to dividing responsibility for running the Board and the business by appointing Mr Colin Goodall as Non-Executive Chairman and Mr Tony Ryan as Chief Executive Officer.

CORPORATE GOVERNANCE (Continued)

Committees
The directors have delegated certain of their responsibilities to various committees, which operate within specific terms of reference and authority limits. The Audit Committee meets at least twice a year and consists of Mr Walter Goldsmith, the Deputy Chairman, and Mr Gordon Ashworth.

The duties of the Audit Committee include:
- review of the scope and the results of the audit;
- assessment of the cost effectiveness of the audit;
- monitoring the independence and objectivity of the auditors; and
- review and assessment of current updates of changes in accounting standards and their likely impact on the Group's accounts.

Both Non-Executive directors on the audit committee have recent and relevant financial experience.

The Audit Committee comprises two non-executives and is chaired by Mr Walter Goldsmith. Mr Gordon Ashworth is a Chartered Accountant with relevant financial experience. The Committee has terms of reference setting out its duties and procedures and these are available on request. The Audit Committee advises the Board on the appointment, re-appointment or removal of the external auditors. It also scrutinises and advises the Board on the remuneration of the external auditors. The Committee discusses the nature and scope of the audit with the external auditors and provides a forum for reporting by the Group's external auditors on any matters it considers appropriate.

It is the task of the Audit Committee to ensure that auditor objectivity and independence is safeguarded when non audit services are provided by the auditors. This is dealt with at each audit committee meeting when the auditors set out the extent of the different work they have undertaken, who in their firm was responsible and that the appointment was agreed in advance by the Committee.

The Remuneration Committee, which consists of the Deputy Chairman and at least one other Non-Executive director, also meets at least once a year. In the year ended 31 December 2006 the Remuneration Committee met on two occasions. The executive directors meet on a regular basis at least every four weeks and deal with decisions that do not require full Board approval. The directors believe that this process for making business decisions provides sufficient division of responsibility to meet the requirements of the Combined Code.

As permitted by the Combined Code, due to the small size of the board, it is considered inappropriate to establish a Nomination Committee.

The Company recognises the importance of communicating with current and potential shareholders. It does this through the Annual Report and Financial Statements, the Interim Statement and any trading updates. This information is also available on the Company website (www.asite.com). All directors are available at the Annual General Meeting where shareholders can ask questions or represent their views. Institutional investors and analysts often request meetings with the Company offering an opportunity for directors to explain the business and its aspirations.

Re-election of directors
Directors retire by rotation in accordance with the Company's Articles of Association, which prescribe that at every Annual General Meeting one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Non-Executive directors are not appointed for specified terms, but in the case of Mr Robert Tchenguiz, Mr Peter Rogers and Mr Mathew Riley their appointment is terminable with no specific notice period, and in the case of Mr Colin Goodall and Mr Walter Goldsmith their appointments are terminable on one month's notice.

Shareholder relations
The Company maintains a web site (www.asite.com) where the Group's statutory accounts can be accessed. The following information can also be found here:
- copies of regulatory announcements;
- announcements made to relevant industry media;
- directors' biographies; and
- information relating to the Group's products.

All queries raised by shareholders are dealt with by the Company Secretary, Ms Amanda Heald. Otherwise the directors meet and discuss the performance of the Group with shareholders during the year.

CORPORATE GOVERNANCE (Continued)

Accountability and audit
The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects, and in particular the Chairman's Statement, which contains a detailed consideration of the Group's financial position and prospects.

Remuneration report (unaudited information)
This report should be read in conjunction with Note 5 to these accounts. The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of executive directors. In doing so the Committee's aims are:

- to ensure that remuneration packages are sufficient to attract and retain executive directors of the requisite calibre;
- to ensure that the targets of the Group and its executive directors are aligned;
- to ensure that the remuneration policies adopted by the Group give full consideration to the requirements of the Combined Code appended to the Listing Rules of the UK Listing Authority;
- to consider, and if thought fit, grant options to executive directors and staff under the Group's Executive Option Scheme; and
- where applicable, to assess targets that should be used in the fixing of performance related pay for executive directors. Such bonuses are paid at the discretion of the Remuneration Committee and for the year ended 31 December 2006 no such bonus was recommended or paid.

Components of remuneration
The components of remuneration are:

- basic salary and benefits determined by the Remuneration Committee and reviewed annually;
- performance related bonuses based upon improvements in earnings per share, profitability and market capitalisation of the Group; and
- options granted under the Group's Executive Option Scheme by the Remuneration Committee.

Service contracts
The employment contracts of Mr Nathan Doughty and Mr Tony Ryan (executive directors with the Company), are terminable by either party to the other with not less than six months' notice in writing.

Non-Executive directors
The remuneration of the Non-Executive directors is determined by the Board within the limits set out in the Articles of Association.

Internal control
The Board has decided that at this stage in the Group's development that the creation of an internal audit function is not warranted. In reaching this decision the Board has had regard to the controls that have been created and implemented across the Group. These are

- the establishment of a Board with an appropriate balance of executive and Non-Executive directors, which has overall responsibility for decision making across the Group;
- the preparation and approval of an annual budget in advance of each financial year and monitoring performance against this at an appropriate level of detail with appropriate timeliness;
- establishing clear lines of reporting, responsibility and delegation throughout the Group and documenting this in a clearly defined organisational chart;
- ensuring that clearly defined control procedures covering expenditure and authority levels are reviewed and implemented on a timely basis. In particular the Group requires that all expenditure is authorised prior to ordering by at least one executive director and that all financial payments are made under dual signature;
- the Group has undertaken a risk assessment of its activities and monitors the risks identified on a routine basis; and
- an annual review of the effectiveness of the internal controls has been carried out.

There is an ongoing process for identifying, evaluating and managing risks faced by the company. These processes were in place during the year.

CORPORATE GOVERNANCE (Continued)

Corporate social responsibility
The Group acquits itself of its commitment to Corporate Social Responsibility though the implementation of policies across the following areas:

- equal opportunities across the Group;
- health and safety; and
- best practice in Human Resources.

Going concern
The directors, after making appropriate enquiries, as described in note 1 to the accounts, have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities
United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the annual report includes information required by the AIM Rules.

Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Under applicable law and regulations, the directors are also responsible for preparing a directors' report and directors' remuneration report that comply with that law and those regulations.

The maintenance and integrity of the web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

ASITE PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASITE PLC

We have audited the group and parent company financial statements (the "financial statements") of Asite Plc for the year ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Emphasis of matter: Going Concern
In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the uncertainty as to the Group's future financial position. For the reasons explained in Note 1 to the financial statements, the financial statements do not include any adjustments that would arise if the financial statements were not drawn up on a going concern basis.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31st December 2006 and of the group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London
24 April 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2006

	Note	2006 £'000	2005 Restated £'000
TURNOVER	3	**1,354**	1,529
Cost of sales		**(317)**	(377)
Gross profit		**1,037**	1,152
Sales & distribution costs		**(288)**	(361)
Administrative expenses		**(1,606)**	(2,189)
OPERATING LOSS		**(857)**	(1,398)
Net interest payable	6	**-**	(11)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	**(857)**	(1,409)
Tax credit on loss on ordinary activities	8	**-**	-
LOSS ON ORDINARY ACTIVITES AFTER TAXATION		**(857)**	(1,409)
Equity minority interest		**-**	7
LOSS FOR THE FINANCIAL YEAR	19,20	**(857)**	(1,402)
Loss per share (expressed in pence per share) – basic & diluted	9	**(0.5p)**	(0.7p)

All transactions are derived from continuing operations. There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historic cost equivalents.

CONSOLIDATED STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES

	2006 £'000	2005 Restated £'000
Loss for the financial year	**(857)**	(1,402)
Foreign exchange differences	**2**	-
Total recognised losses relating to the year	**(855)**	(1,402)

CONSOLIDATED BALANCE SHEET
31 December 2006

	Note	2006 £'000	2005 Restated £'000
FIXED ASSETS			
Tangible assets	10	**113**	191
Intangible assets	11	**365**	547
		478	738
CURRENT ASSETS			
Debtors	13	**409**	617
Cash at bank and in hand		**3**	7
		412	624
CREDITORS: amounts falling due within one year	14	**(935)**	(1,271)
NET CURRENT LIABILITIES		**(523)**	(647)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(45)**	91
CREDITORS: amounts falling due after more than one year	15	**(1,645)**	(977)
NET LIABILITIES		**(1,690)**	(886)
CAPITAL AND RESERVES			
Called up share capital	17	**18,750**	18,750
Share premium account	18	**2,442**	2,442
Profit and loss account	18	**(22,882)**	(22,069)
TOTAL SHAREHOLDERS' DEFICIT	19	**(1,690)**	(877)
MINORITY INTERESTS		**-**	(9)
CAPITAL EMPLOYED		**(1,690)**	(886)

The financial statements on pages 12 to 30 were approved by the Board of Directors on 24 April 2007.
Signed on behalf of the Board of Directors

Mr Tony Ryan
Chief Executive Officer

COMPANY BALANCE SHEET
31 December 2006

	Note	2006 £'000	2005 Restated £'000
FIXED ASSETS			
Investments	12	**65**	65
CURRENT ASSETS			
Debtors	13	**3**	30
Cash at bank		**-**	7
		3	37
CREDITORS: amounts falling due within one year	14	**(97)**	(114)
NET CURRENT LIABILITIES		**(94)**	(77)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(29)**	(12)
CREDITORS: amounts falling due after more than one year	15	**(1,645)**	(977)
NET LIABILITIES		**(1,674)**	(989)
CAPITAL AND RESERVES			
Called up share capital	17	**18,750**	18,750
Share premium account	18	**2,442**	2,442
Other reserve	18	**124**	82
Profit and loss account	18	**(22,990)**	(22,263)
EQUITY SHAREHOLDERS' DEFICIT		**(1,674)**	(989)

The financial statements on pages 12 to 30 were approved by the Board of Directors on 24 April 2007.
Signed on behalf of the Board of Directors

Mr Tony Ryan
Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Net cash outflow from operating activities	20	**(594)**	(881)
Returns on investments and servicing of finance			
Interest received		**1**	1
Interest paid		**(1)**	(4)
Net cash outflow from returns on investments and servicing of finance		**-**	(3)
Capital expenditure			
Payments to acquire tangible assets		**(41)**	(102)
Proceeds from sale of tangible assets		**-**	1
Net cash outflow from capital expenditure		**(41)**	(101)
Net cash outflow before financing		**(635)**	(985)
Financing			
Net proceeds from borrowings		**668**	977
Net cash inflow from financing		**668**	977
Increase / (decrease) in cash in the year	21,22	**33**	(8)

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 2008. 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 twenty four 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 in the form of a loan facility, of £2.507m, and that he will not call for the repayment of this new loan before 31 December 2008.

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. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year apart from the following changes to accounting policies:

i. The adoption of Financial Reporting Standard 20, Share Based Payments ("FRS 20"). The adoption during the period of FRS 20 requires that the cost of share based payments be recognised in the profit and loss account. The only type of payment made by the Group that is a share base payment is the cost of share options granted to employees and directors. The Black Scholes valuation model has been used to calculate the fair value of the share options at the date of grant. This fair value is then charged to the profit and loss account over the vesting period of the options. Since this charge is not a cash item (no effect on Consolidated Cash Flow Statement) nor a diminution in asset value, there is an equal and opposite credit to reserves of the amount of the share option charge with the result that there is no net change in shareholders' funds in the balance sheet.

NOTES TO THE ACCOUNTS (Continued)

2. ACCOUNTING POLICIES (Continued)

In accordance with the transitional provisions of FRS 20, the standard has been applied retrospectively to all options granted after 7 November 2002 that were not yet vested as of 1 January 2006. The charge for the year ended 31 December 2006 was: £42,000. Comparatives for the year ended 31 December 2005 have been restated as shown below:

	2005 Restated £'000
Loss for financial year previously reported	(1,320)
FRS 20 Share based payment charge	(82)
Loss for financial year restated	(1,402)

ii. During the period the Directors reviewed the policy with respect to the classification of revenue which has not yet been invoiced to customers and minority interests. These were previously classified as Work in progress and within net liabilities respectively. The Directors have determined that this it is more appropriate to classify this revenue in amounts recoverable on contracts within debtors and minority interests within Capital and Reserves and have restated the 2005 balance sheet accordingly. The result of this change is that £29,000 (2005:£104,000) is included as amounts recoverable on contracts within debtors that would have been shown as Work in progress and £nil (2005: £9,000) is shown as minority interest in Capital and Reserves that would have been included in Net Liabilities under the previous policy.

iii. During the period the Directors reviewed the policy with respect to amounts classified as provisions. Provisions are liabilities that are uncertain in timing and amount. As a result £14,000 (2005: £39,000) is included in accruals within creditors that would previously have been classified as a provision.

Basis of consolidation
The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Subsidiaries acquired or disposed of are included in the financial statements from the date control is gained or lost.

Revenue recognition
The Group typically enters into multi-element arrangements which include software license fees, consultancy and training services. Revenue is allocated to the elements of the arrangement based upon the fair value of each element.

The Group sells a licence for access to its products which are hosted from the Groups dedicated servers. The license fees grant access to web space for the duration of the customer's project and include maintenance and support. The revenue for the license fee is billed in advance and recognised on an accruals basis to match the period of use by the client until the end of the contract. Where the service has not yet been provided the related revenue is included within 'Deferred revenue'.

Training revenue relates to customer training to use the product. Consultancy revenue relates to the initial tailoring of the product to match the needs of the project and ongoing consultancy work provided to the client post implementation. The consulting and training fees are based on fixed daily rates. The fixed daily rates are predetermined at the contract signing date. Consultancy and training is recognised on completion.

Taxation including deferred tax
Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditures in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS (Continued)

Foreign exchange
Items included in the separate financial statements of group entities are measured in the functional currency of each entity. Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rates prevailing at the dates of the individual transactions. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the balance sheet date. Exchange gains and losses arising are charged or credited to net operating costs or finance costs/income in the income statement as appropriate.

The income statement of foreign entities is translated into pounds sterling on consolidation at the average rates for the period. Non-monetary items are translated at the historic rate and monetary items at the rates prevailing at the balance sheet date. The resulting exchange gain or loss is taken through the statement of total recognised gains and losses.

Operating leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease term.

Pension costs
The Company contributed to individual personal pension schemes. Contributions payable for the year were charged in the profit and loss account.

Research and development
Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. Provision is made for any impairment on an annual basis.

Tangible fixed assets
Depreciation is provided to write down the cost of tangible fixed assets by equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and equipment	1 to 2 years
Website costs	1 to 2 years
Development costs	5 years

Investments
Investments held as fixed assets are stated at cost less any permanent diminution in value.

Share-based payment
The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the profit and loss account. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value at the grant date of the shares or share options awarded.

Amounts recoverable on contracts
Amounts recoverable on contracts represent revenue which has not yet been invoiced to customers on fixed price contracts. Such amounts are separately disclosed within trade and other receivables. The valuation of amounts recoverable on contracts is adjusted to take up profit to date or foreseeable losses in accordance with the group's accounting policy for profit recognition.

NOTES TO THE ACCOUNTS (Continued)

3. TURNOVER

The turnover of the Group by source and destination relates to the United Kingdom and the directors consider that the Group's continuing activities consist of one inter-related class of business.

4. STAFF COSTS

	2006	2005 Restated
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	**1,219**	1,565
Social security costs	**125**	200
Other pension costs	**-**	11
Share based payment costs	**42**	82
	1,386	1,858
	No.	**No.**
The average monthly number of employees (including executive directors) was:		
Professional services	**7**	8
Sales & account managers	**5**	4
Technical	**64**	69
Finance & administrative	**6**	6
	82	87

5. DIRECTORS' REMUNERATION

	2006	2005
	£'000	£'000
Directors' emoluments	**243**	413
Compensation for loss of office	**-**	30
Other pension costs	**-**	11
	243	454

Payments of £Nil (2005: £10,993) were made in respect of one director's personal pension schemes. There are no other directors (2005: nil) to whom retirement benefits are accruing in respect of qualifying services in respect of money purchase schemes.

NOTES TO THE ACCOUNTS (Continued)

5. DIRECTORS' REMUNERATION (CONTINUED)

	Salary	Benefits and pension	Total emoluments 2006	Total emoluments 2005
	£	£	£	£
Remuneration by director was:				
Chairman (Non-Executive):				
Mr Colin Goodall	11,164	-	**11,164**	-
Mr Walter Goldsmith	-	-	-	-
Executive directors				
Mr Thomas Dengenis	-	-	-	125,000
Mr Nathan Doughty	87,000	258	**87,258**	92,625
Mr Tony Ryan	110,000	-	**110,000**	121,000
Mr Gordon Ashworth	46,410	-	**46,410**	86,000
Non-Executive directors				
Mr Mathew Riley	-	-	-	-
Mr Peter Rogers	-	-	-	-
Mr Robert Tchenguiz	-	-	-	-
Mr Gordon Ashworth	-	-	-	-
Total emoluments	254,574	258	**254,832**	424,625

DIRECTORS' SHARE OPTIONS

Share options held by directors were as follows:

	1 January 2006	Granted in the year	31 December 2006	Exercise Price	Earliest Exercise Date	Expiry date
Mr Colin Goodall	600,000	-	600,000	10.0p	**	December 2014
Mr Walter Goldsmith	200,000	-	200,000	30.0p	October 2004	October 2008
Mr Walter Goldsmith	300,000	-	300,000	10.0p	**	April 2014
Mr Robert Tchenguiz	150,000	-	150,000	10.0p	**	April 2014
Mr Mathew Riley	150,000	-	150,000	10.0p	**	April 2014
Mr Peter Rogers	150,000	-	150,000	10.0p	**	April 2014
Mr Gordon Ashworth	2,000,000	-	2,000,000	10.0p	January 2005	January 2016
Mr Tony Ryan	2,000,000	-	2,000,000	10.0p	January 2005	January 2016
Mr Nathan Doughty	1,000,000	-	1,000,000	10.0p	*	January 2016

The market price of the ordinary shares at 31 December 2006 was 3.0p and the range during the period was 1.75p to 4.0p. No options were exercised by directors during the year.

*These options are exercisable any time between the issue date and the expiry date.
**These options vest quarterly in arrears and are exercisable upon vesting. They have fully vested at 31 December 2006.

NOTES TO THE ACCOUNTS (Continued)

6. NET INTEREST PAYABLE

	2006 £'000	2005 £'000
Interest receivable	**1**	1
Interest payable to bank	**(1)**	(2)
Other interest payable	**-**	(10)
	-	(11)

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £'000	2005 £'000
During the year the Group obtained the following services from the Group's auditor at costs as detailed below:		
Audit services		
Fees payable to current year company auditor of parent company and consolidated accounts	**34**	-
Fees payable to prior year company auditor of parent company and consolidated accounts	**-**	34
Non-Audit services		
Fees payable to prior year company auditor and its associates for other services	**4**	4
Tax services payable to current year company auditor and its associates	**6**	-
Tax services payable to prior year company auditor and its associates	**-**	6
	44	44

	2006 £'000	2005 £'000
Staff costs (Note 4)	**1,386**	1,858
Rent of premises	**18**	24
Operating lease rentals	**10**	18
Operating lease rentals - other	**5**	-
Research and development costs	**622**	731
Depreciation of tangible fixed assets (note 10)	**119**	226
Amortisation of intangible fixed assets (note 11)	**182**	182

The audit fee for the Company was £14,750 (2005: £14,000).

NOTES TO THE ACCOUNTS (Continued)

8. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
United Kingdom corporation tax at 30% (2005: 30%) based on the loss for the period	-	-
The differences are explained below:		
Loss on ordinary activities before tax	**(857)**	(1,327)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	**257**	398
Effects of:		
Expenses not deductible for tax purposes	(5)	(20)
Write off of goodwill on acquisition of shares in subsidiary		-
Depreciation in excess of capital allowances	**(88)**	(65)
Creation of tax losses	**(179)**	(313)
Other timing differences	**15**	-
Total current tax	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to carried forward tax losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £4.754m (2005: £4.499m).

9. LOSS PER SHARE

	2006	2005 Restated
Basic and diluted		
Net loss for the year:	**£(857,000)**	£(1,402,000)
Weighted average number of ordinary shares outstanding	**187,495,637**	187,495,637
Loss per share:	**0.5p**	0.7p

Earnings per share is calculated by dividing the net loss for the year, adjusted for minority interest, by the weighted average number of ordinary shares outstanding during the year.

FRS 22 (IAS 33) Earnings per Share 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.

NOTES TO THE ACCOUNTS (Continued)

10. TANGIBLE FIXED ASSETS

	Plant and equipment £'000	Website costs £'000	Total £'000
Group			
Cost			
At 1 January 2006	554	3,073	3,627
Additions	21	20	41
At 31 December 2006	**575**	**3,093**	**3,668**
Accumulated depreciation			
At 1 January 2006	460	2,976	3,436
Charge for the year	68	51	119
At 31 December 2006	**528**	**3,027**	**3,555**
Net book value			
At 31 December 2006	**47**	**66**	**113**
At 31 December 2005	94	97	191

The company has no tangible fixed assets (2005: Nil).

11. INTANGIBLE FIXED ASSETS

	Development costs £'000
Group	
Cost	
At 1 January 2006	831
Additions	-
At 31 December 2006	**831**
Accumulated amortisation	
At 1 January 2006	284
Charge for the year	182
At 31 December 2006	**466**
Net book value	
At 31 December 2006	**365**
At 31 December 2005	547

The company has no intangible fixed assets (2005: Nil).

NOTES TO THE ACCOUNTS (Continued)

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company

	2006 £'000
Cost and net book value	
At 1 January and 31 December 2006	65

The principal subsidiary undertakings of the Company during the year were:

Subsidiaries	% Shareholding	Principal activities
Asite Solutions Limited (Incorporated 20 July 2000)	99.44%	E-commerce portal and services
Asite Solutions Private Limited (Incorporated 7 November 2005)	99.70%	E-commerce portal and services
Asite Consulting Limited (Incorporated 15 March 1996)	100.00%	Dormant company

All companies are incorporated in England and Wales with the exception of Asite Solutions Private Limited which is incorporated in India.

13. DEBTORS

	Group 2006 £'000	Group 2005 Restated £'000	Company 2006 £'000	Company 2005 £'000
Amounts falling due within one year:				
Trade debtors	**318**	418	-	-
Prepayments and accrued income	**44**	66	-	8
VAT recoverable	**3**	22	**3**	22
Amounts recoverable on contracts	**29**	104	-	-
Other debtors	**15**	7	-	-
	409	617	**3**	30

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Bank overdraft	-	38	-	-
Deferred income	**78**	79	-	-
Trade creditors	**161**	259	**40**	90
Other creditors	**133**	115	-	-
Social security and other taxes	**380**	603	-	-
VAT payable	**29**	66	-	-
Accruals	**154**	111	**57**	24
	935	1,271	**97**	114

The company has provided a cross guarantee in respect of the borrowings of a subsidiary in the form of a floating charge over the Group's assets. The Group has provided a specific charge over its IP to R20 Limited, a company controlled by Mr Robert Tchenguiz, as security for advances made by R20 Limited to Asite plc.

NOTES TO THE ACCOUNTS (Continued)

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Loans from related undertaking (Note 24)	**1,645**	977	**1,645**	977

The loan is from R20 Group Limited and has been drawn down against the company's loan facility agreement. This facility allows the company to draw down a maximum of £2.507m. The amounts drawn down against the facility bear interest at 0% and are not due for repayment until 1 January 2009.

16. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash balances, leasing commitments, a loan facility and various items such as trade debtors and trade creditors that arose from the normal course of business. Fixed asset investments comprise shares in the Company's subsidiaries.

At the year end the Group holds sterling cash balances of £Nil (2005: £0.007m) and foreign currency cash balances of 0.003m (2005: (0.102)m) held in Indian Rupee. At the year end the Group had no bank borrowings. The Group holds receivables balances of £0.318m (2005: £0.418m) at year end.

Risk management
The Board is charged with managing the various risk exposures.

Interest rate risk
Loans advanced to the Group by R20 Limited are interest free for the minimum term, being until 31 December 2008. Thereafter, were these loans to be renewed, interest may or may not become due, however, the Group does not envisage hedging against this risk.

Liquidity risk
The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements and to invest funds securely and profitably. The Group's total financial liabilities and their fair values as at 31 December 2006 are detailed below. As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures.

	2006		2005	
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Financing the Group's acquisitions:				
Short term financial liabilities	-	-	38	38
Long term financial liabilities	**1,645**	**1,485**	977	861

The loan is from R20 Group Limited and has been drawn down against the company's loan facility agreement. This facility allows the company to draw down a maximum of £2.507m. The amounts drawn down against the facility bear interest at 0% and are not due for repayment until 1 January 2009.

Foreign currency risk
The Group's turnover is substantially sterling based, accordingly, foreign currency exposure risk to this is minimal. Costs incurred in the Group's operations in India are rupee based. Currency exposures arising from holding cash deposits in Indian Rupees are not considered likely to be material. The Group does not hedge against these currency risks.

NOTES TO THE ACCOUNTS (Continued)

Credit risk
The Group manages customer credit risk through the use of credit reports and appropriate contractual documentation. Collections are tracked monthly and where payments are overdue appropriate action is taken on a timely basis.

17. CALLED UP SHARE CAPITAL

	No.	2006 £'000	No.	2005 £'000
Authorised				
Ordinary shares of 10p each at 1 January and 31 December	**340,000,000**	**34,000**	340,000,000	34,000
Allotted, issued and fully paid				
Ordinary shares of 10p each at 1 January and 31 December	**102,910,623**	**10,291**	102,910,623	10,291

	No.	2006 £'000	No.	2005 £'000
Authorised				
B Ordinary shares of 10p each at 1 January and 31 December	**85,000,000**	**8,500**	85,000,000	8,500
Allotted, issued and fully paid				
B Ordinary shares of 10p each at 1 January and 31 December	**84,585,014**	**8,459**	84,585,014	8,459

	No.	2006 £'000	No.	2005 £'000
Total shares				
Ordinary shares of 10p each	**102,910,623**	**10,291**	102,910,623	10,291
B Ordinary shares of 10p each	**84,585,014**	**8,459**	84,585,014	8,459
	187,495,637	**18,750**	187,495,637	18,750

NOTES TO THE ACCOUNTS (Continued)

17. CALLED UP SHARE CAPITAL (Continued)

B Ordinary shares do not have voting rights and have not been admitted for trading to AIM. B Ordinary shares have the same rights as the Ordinary shares with respect to dividend entitlement and priority to receive funds on winding up of the company.

The authorised share capital of the Company at each year end date was £42.5m and comprised of 340,000,000 Ordinary shares of 10p each and 85,000,000 B Ordinary shares of 10p each.

Share options

At 31 December 2006 options granted under the Company's share option schemes were outstanding on a total of 13,630,003 ordinary shares as follows:

Grant date	Number of shares under option	Exercise price	Exercise period
October 2001	220,000	30p	October 2011
July 2002	26,668	30p	July 2012
October 2002	433,335	30p	October 2012
October 2003	3,000,000	10p	October 2013
April 2004	1,950,000	10p	April 2014
January 2005	8,000,000	10p	January 2015

The options can be exercised from the dates specified in note 5. No share options were granted, exercised, forfeited or expired during the period.

Under Financial Reporting standard 20 (FRS 20), a listed company is obligated to expense the fair value of an option contract that it has granted. The application of this standard applies to Asite plc for accounting periods starting on or after 1 January 2006. In accordance with the transitional provisions of FRS 20, the standard has been applied retrospectively to all options granted after 7 November 2002 that were not yet vested as of 1 January 2006.

Asite plc granted options to staff in January 2005 which vested over a three year period. Accordingly a charge has been computed for the year ended 31 December 2006 and also for the year ended 31 December 2005. In the case of the year ended 31 December 2005, a prior year adjustment is required to comply with FRS2.

The charge computed is £0.082m for the year ended 31 December 2005 and £0.042m for the year ended 31 December 2006. In calculating this charge, using the Black-Scholes-Merton model, the following assumptions were used:

- Share price at grant of £0.0675pence
- Exercise price, under the option contracts of £0.10 pence per share
- 10 year option exercise period (incorporating the vesting period of three years)
- An expected share price volatility of 80% based on the average volatility of the FTSE techMARK listed companies and the share price history over the twelve months prior to the performance of this calculation
- An expected dividend yield of nil
- A risk free interest rate of 4.71% based on the implied yield on zero coupon government bonds

In calculating the fair value of these options no other market related performance conditions or other adjustments for smaller companies have been used.

NOTES TO THE ACCOUNTS (Continued)

18. RESERVES

	Other reserve	Share premium account £'000	Profit and loss account £'000
Group			
At 1 January 2006 as restated	-	2,442	(22,069)
Loss for the year	-	-	(857)
Net exchange gains	-	-	2
Adjustment in respect of employee share scheme (note 1)	-	-	42
At 31 December 2006	**-**	**2,442**	**(22,882)**
Company			
At 1 January 2006 as restated	82	2,442	(22,263)
Loss for the year	42	-	(727)
At 31 December 2006	**124**	**2,442**	**(22,990)**

As permitted by Section 230 of the Companies Act 1985 a separate profit and loss account is not presented for Asite plc. The loss for the period of the parent undertaking was £0.727m (2005: £1.221m).

The restatement relates to the adoption of FRS 20, Share based payment (note 1).

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

	2006 £'000	2005 Restated £'000
Loss for the year	**(857)**	(1,402)
Other recognised gains and losses related to the year	**2**	-
Share based compensation	**42**	82
Net increase / decrease in shareholders' deficit / funds	**(813)**	(1,320)
Opening shareholders deficit / funds	**(877)**	443
Closing shareholders' deficit	**(1,690)**	(877)

NOTES TO THE ACCOUNTS (Continued)

20. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW

	2006 £'000	2005 Restated £'000
Operating loss	**(857)**	(1,398)
Share based payment expense	**42**	82
Depreciation of tangible assets	**119**	226
Amortisation of intangible assets	**182**	182
Other non-cash charges	**10**	6
Decrease / (increase) in debtors	**207**	(35)
Decrease in share capital not paid	**-**	199
Decrease in creditors	**(297)**	(143)
Net cash flow from operating activities	**(594)**	(881)

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

	2006 £'000	2005 £'000
Increase / (decrease) in cash in the year	**33**	(8)
Funding received	**(668)**	(977)
Movement in net debt in the year	**(635)**	(985)
Net debt at 1 January	**(1,008)**	(23)
Net debt at 31 December	**(1,643)**	(1,008)

22. ANALYSIS OF NET (DEBT) / FUNDS

	At 1 January 2006 £'000	Cash flows £'000	At 31 December 2006 £'000
Cash	7	(4)	**3**
Overdraft	(38)	37	**(1)**
	(31)	33	**2**
Loan	(977)	(668)	**(1,645)**
	(1,008)	(635)	**(1,643)**

NOTES TO THE ACCOUNTS (Continued)

23. OBLIGATIONS UNDER OPERATING LEASES & COMMITTED EXPENDITURE

	2006 £'000	2005 £'000
The following amounts are payable within the next year on operating leases & committed expenditure expiring:		
Rent on premises:		
Within 1 year	**35**	15
Within 2 to 5 years	**23**	12
	58	27
Other:		
Within 1 year	**29**	25
Within 2 to 5 years	**22**	17
	51	42

24. RELATED PARTY TRANSACTIONS

Funding was provided to the Company throughout the year by R20 Limited. The balance of the loan outstanding at the year end was £1,645,000 (2005: £977,000). Mr Robert Tchenguiz is a director of this company.

Asite Solutions Limited provided services to Stanhope plc, a shareholder in Asite plc during the year under review. Revenue generated from Stanhope plc totalled £99,929 (2005: £96,312) with £23,034 (2005: £20,451) outstanding at year end.

Asite Solutions Limited provided services to BAA plc, a related party through non-executive director Mathew Riley, during the year under review. Revenue generated from BAA plc totalled £127,104 (2005: £186,685) with £11,962 (2005: £84,935) outstanding at year end.