

20 JUNE 2008

**ASITE PLC (“ASITE”, THE “GROUP”)  
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007**

**Highlights:**

- Gross revenues up 26% to £1.658 m (2006: £1.321 m)
- Operating costs down by 1% to £1.828 m (2006: £1.839 m)
- Operating loss reduced to £0.577 m (2006: £0.857m)
- Loss before amortisation, and net interest fell to £0.351 m (2006: £0.624 m), a fall of 44%.

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

“2007 saw Asite make significant progress. We have increased revenue significantly whilst at the same time keeping our cost base flat. The Group’s expansion in to international markets was particularly pleasing. With growing and appreciative use of the Asite Platform, the Group is now well placed for the future.”

**For further information:**

Asite plc  
Tony Ryan, Chief Executive Officer

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**CHAIRMAN'S STATEMENT**

**Results and dividends**

I am pleased to report that the robust improvement in the Group’s performance reported in the interim statement for the six months ended 30 June 2007 continued into the second half of the year. For the full year ended 31 December 2007 revenue increased by 26% to £1.658m (2006: £1.321m). The Group’s continuing attention to cost control was such that total operating costs fell by 1% from £1.839m (2006) to £1.828m. Overall, operating losses for the year fell to £0.577m from £0.857m, a decrease of 33%. Amortisation charges for the year were £0.226m (2006: £0.233m) meaning that the Group’s loss before amortisation and net interest fell to £0.351m (2006: £0.624m), a reduction of 44%.

In line with this financial improvement, the Group’s core operating system, the “Asite Platform”, continued to support ever increasing business volumes without compromise of quality or performance. Most importantly, we have built new business relationships outside our core client base which bodes well for the future growth of the group.

The loss per share for the year ended 31 December 2007 was 0.3p compared with 0.4p (2006). The Board does not propose declaring a dividend (2006: nil).

**Development of the Group**

The return to growth during 2007 is most pleasing. The Group is now starting to see the benefits arising from the cost reduction and product stabilisation programmes of 2005 and 2006. We have continued to invest heavily in the development of the Asite Platform. In particular investment in Asite Workspace (“Workspace”) and Asite collaborative Building Model (“cBIM”) is now leading to positive market

sentiment and sales. Workspace provides a lower cost entry level product for the Group's flagship product, Asite Project Workflow; cBIM provides complex and innovative building modelling tools.

During the year we have undertaken a review of the Group's main business model and we are now preparing to introduce innovative charging models which are planned to expand the Group's customer base and potential revenues.

Our sales development plans executed during the year allowed the Group to expand beyond its existing client base with wins across the contracting, developer, project management and public sectors. Additionally we have experienced strong overseas growth with revenues increasing to £0.305m in 2007 (2006: £0.038m). The total value of sales contracted during the year amounted to £4.965m, which will be delivered to clients over the next 10 years. The forward order book, being the excess contracted sales over amounts already billed under these contracts, stands at £5.330m of which £1.143m will be taken to revenue in the financial year ending 31 December 2008. It was particularly pleasing to see sales outside of the Group's main customer base including Welsh Health Estates, Aldar, Taylor Wimpey and the Department of Transport.

#### **Operational review**

Usage trends of site traffic across the Asite Platform continue to increase and most importantly system performance has been comfortably within our client contractual requirements; by way of example system uptime has consistently run at or around 99.99% (consistently above the Group's contractual requirements). Non performance against system up time represents a significant business risk to the Group, accordingly it is measured continually and reported at each Board meeting.

The number of users accessing and uploading documents on the Asite Platform continues to grow strongly. Since inception of the Asite Platform user numbers have grown to over 34,000, and the increase during the year ended 31 December 2007 was 36%. User growth is monitored regularly and reported to the Board.

During 2007 the number of organisations with active accounts on the Asite Platform increased to 4,264 from 3,457 (2006), an increase of 23%.

The 34,000 active account users translated in to 891,000 total system logins during the year, having grown from 543,000 in 2005 when these statistics were first collated (an increase of 68%).

Finally, documents under management on the Asite system increased to 2.7 million, being accessed regularly by professional staff from all over the globe across some of the biggest construction projects in the world.

#### **Prospects**

Progress made towards profitable trading in 2007 has been significant. The Group's top line growth of 26%, coupled with strong cost control, improving sales prospects and ever increasing user adoption of the Asite Platform are all highly encouraging. The Board of Asite is therefore pleased with progress made.

Mr Colin Goodall  
Chairman

18 June 2008

### **CONSOLIDATED INCOME STATEMENT**

**Year ended 31 December 2007**

|   | Note | 2007    | 2006    |
|---|------|---------|---------|
|   |      | £'000   | £'000   |
| <b>REVENUE</b>  |      | 1,658   | 1,321   |
| <b>Cost of sales</b>  |      | (407)   | (339)   |
| <b>Gross profit</b>   |      | 1,251   | 982     |
| <b>Sales &amp; distribution costs</b>                             |      | (295)   | (288)   |
| <b>Administrative expenses</b>                                    |      | (1,533) | (1,551) |
| <b>OPERATING LOSS</b>   |      | (577)   | (857)   |
| Fair value adjustments arising on loan from shareholder           |      | 254     | 182     |
| Financial income  |      | 1       | 1       |
| Financial costs   |      | (244)   | (149)   |
| <b>LOSS BEFORE TAXATION</b>                                       |      | (566)   | (823)   |
| Tax   |      | -       | -       |
| <b>LOSS FOR THE YEAR</b>  |      | (566)   | (823)   |
| Attributable to:  |      |         |         |
| Equity shareholders   |      | (566)   | (823)   |
| Minority interest   |      | -       | -       |
| <b>LOSS FOR THE YEAR</b>  |      | (566)   | (823)   |
| Loss per share (expressed in pence per share) – basic and diluted | 3    | (0.3p)  | (0.4p)  |

All transactions are derived from continuing operations.

#### STATEMENT OF CHANGES IN EQUITY

|  | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>£'000 |
|--|--|--------------------------------------|--|----------------|
| <b>Group</b>   |  |                                      |  |                |
| At 1 January 2006  | 18,750                                 | 2,442                                | (22,009)                               | (817)          |
| Loss for the year  | -                                      | -                                    | (823)                                  | (823)          |
| Exchange differences arising on translation of overseas operations | -                                      | -                                    | 2                                      | 2              |
| Share based payments   | -                                      | -                                    | 42                                     | 42             |
| <b>At 31 December 2006</b>   | <b>18,750</b>                          | <b>2,442</b>                         | <b>(22,788)</b>                        | <b>(1,596)</b> |

|   | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br><br>£'000 |
|---|--|--------------------------------------|--|--------------------|
| <b>Group</b>  |  |                                      |  |                    |
| At 1 January 2007   | 18,750                                 | 2,442                                | (22,788)                               | (1,596)            |
| Loss for the year   | -                                      | -                                    | (566)                                  | (566)              |
| Exchange differences arising on translation of<br>overseas operations | -                                      | -                                    | (2)                                    | (2)                |
| Share based payments  | -                                      | -                                    | 53                                     | 53                 |
| <b>At 31 December 2007</b>  | <b>18,750</b>                          | <b>2,442</b>                         | <b>(23,303)</b>                        | <b>(2,111)</b>     |

**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2007

|                                     | 31 Dec<br>2007<br>£'000 | 31 Dec<br>2006<br>£'000 |
|-------------------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                       |                         |                         |
| <b>NON-CURRENT ASSETS</b>           |                         |                         |
| Property, plant and equipment       | 47                      | 47                      |
| Intangible assets                   | 223                     | 431                     |
|                                     | <b>270</b>              | 478                     |
| <b>CURRENT ASSETS</b>               |                         |                         |
| Trade and other receivables         | 546                     | 409                     |
| Cash at bank                        | 50                      | 3                       |
|                                     | <b>596</b>              | 412                     |
| <b>TOTAL ASSETS</b>                 | <b>866</b>              | 890                     |
| <b>EQUITY AND LIABILITIES</b>       |                         |                         |
| <b>CAPITAL AND RESERVES</b>         |                         |                         |
| Called up share capital             | 18,750                  | 18,750                  |
| Share premium account               | 2,442                   | 2,442                   |
| Profit and loss account             | (23,303)                | (22,788)                |
| <b>EQUITY SHAREHOLDERS' DEFICIT</b> | <b>(2,111)</b>          | (1,596)                 |
| Minority interest                   | -                       | -                       |
| <b>TOTAL EQUITY</b>                 | <b>(2,111)</b>          | (1,596)                 |
| <b>NON-CURRENT LIABILITIES</b>      |                         |                         |
| Borrowings                          | 2,213                   | 1,551                   |
| <b>CURRENT LIABILITIES</b>          |                         |                         |
| Trade and other payables            | 764                     | 935                     |

|                                     |              |       |
|-------------------------------------|--------------|-------|
| <b>TOTAL LIABILITIES</b>            | <b>2,977</b> | 2,486 |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>866</b>   | 890   |

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2007

|   | Note | 2007         | 2006  |
|---|------|--------------|-------|
|   |      | £'000        | £'000 |
| <b>Net cash used in operating activities</b>                      | 4    | <b>(619)</b> | (594) |
| <b>Cash flows from investing activities</b>                       |      |              |       |
| Purchase of property, plant and equipment                         |      | (24)         | (21)  |
| Purchase of intangible assets                                     |      | (18)         | (20)  |
| Proceeds from sale of property, plant and equipment               |      | 4            | -     |
| Interest received   |      | 2            | 1     |
| Net cash used in investing activities                             |      | <b>(36)</b>  | (40)  |
| <b>Cash flows from financing activities</b>                       |      |              |       |
| Interest paid   |      | -            | (1)   |
| Net proceeds from borrowings                                      |      | 700          | 668   |
| Net cash generated from financing                                 |      | <b>700</b>   | 667   |
| <b>Net increase in cash, cash equivalents and bank overdrafts</b> |      | <b>45</b>    | 33    |
| Cash, cash equivalents and bank overdrafts at beginning of year   |      | 2            | (31)  |
| <b>Cash, cash equivalents and bank overdrafts at end of year</b>  |      | <b>47</b>    | 2     |

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 1. ACCOUNTING POLICIES

The financial information contained in these preliminary results does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The financial information disclosed for the year ended 31 December 2007 is an abridged version of the Group's financial statements which will be finalised and signed on the basis of the financial information presented by the Directors in this announcement and which will be delivered to the Registrar of Companies following the Group's Annual General Meeting. The Annual Report and Accounts will be sent to shareholders shortly.

This is the first year that Asite plc has prepared financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) for both the consolidated and parent company financial statements. Prior to the adoption of IFRS the financial statements had been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP). UK GAAP differs in certain respects from IFRS and certain accounting and valuation methods have been adjusted, when preparing the financial statements, to comply with IFRS. The

comparative amounts in respect of 2006 have been restated to reflect these adjustments as the transition date is 1 January 2006.

IFRS 1 “First-time Adoption of International Financial Reporting Standards” sets out the requirements for companies preparing financial statements under IFRS for the first time and, in general, requires the accounting policies to be applied retrospectively with certain mandatory exceptions and exemptions.

A description of the effect of the transition from UK GAAP to IFRS together with a reconciliation between the financial information previously prepared under UK GAAP and the IFRS equivalents for the Group is set out in note 8.

The auditors provided an emphasis of matter in their opinion on the statutory accounts for the year ended 31 December 2006 on the basis of the ability of Asite to continue as a going concern as detailed below in note 2 and are expected to do so again for the year ended 31 December 2007.

## 2. BASIS OF PREPARATION

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 2009. 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.

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 £2,807k, and that he will not call for the repayment of this new loan before 31 December 2009.

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 the 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 non current assets and long-term liabilities as current assets and liabilities.

## 3. LOSS PER SHARE

|  | 2007           | 2006           |
|--|----------------|----------------|
| <b>Basic and diluted</b>                               |                |                |
| Net loss for the year (£’000’s)                        | (566)          | (823)          |
| Weighted average number of ordinary shares outstanding | 187,495,637    | 187,495,637    |
| Loss per share:  | <u>(0.30p)</u> | <u>(0.44p)</u> |

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.

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.

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

|                                       | <b>2007</b>  | <b>2006</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>£'000</b> | <b>£'000</b> |
| Operating loss                        | (577)        | (857)        |
| Share based payment expense           | 53           | 42           |
| Depreciation of tangible assets       | 20           | 68           |
| Amortisation of intangible assets     | 226          | 233          |
| Other non-cash charges                | (1)          | 10           |
| (Increase) / decrease in debtors      | (137)        | 207          |
| Decrease in creditors                 | (203)        | (297)        |
| Net cash used in operating activities | <u>(619)</u> | <u>(594)</u> |

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

|   | <b>2007</b>    | <b>2006</b>    |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Increase in cash and cash equivalents in the year | 45             | 33             |
| Funding received                                  | (662)          | (665)          |
| Movement in net debt in the year                  | <u>(617)</u>   | <u>(632)</u>   |
| Net debt at start of year                         | (1,549)        | (917)          |
| Net debt at end of year                           | <u>(2,166)</u> | <u>(1,549)</u> |

#### 6. ANALYSIS OF CHANGE IN NET DEBT

|           | At<br>1 January 2007<br>£'000 | Movement<br>£'000 | At<br>31 December 2007<br>£'000 |
|-----------|-------------------------------|-------------------|---------------------------------|
| Cash      | 3                             | 47                | 50                              |
| Overdraft | (1)                           | (2)               | (3)                             |
|           | 2                             | 45                | 47                              |
| Loan      | (1,551)                       | (662)             | (2,213)                         |
|           | (1,549)                       | (617)             | (2,166)                         |

## 7. RELATED PARTY TRANSACTIONS

Key management members are also directors of the group. Funding was provided to the Company throughout the year by R20 Limited. The balance of the loan outstanding at the year end was £2.345m (2006: £1.645m). Mr Robert Tchenguiz is a director of this company.

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 2007.

Asite Solutions Limited provided services to Stanhope plc, a shareholder in Asite plc during the year under review. Revenue generated from Stanhope plc totalled £0.038m (2006: £0.020m) with £0.001m (2006: £0.001m) outstanding at the end of the year.

Asite Solutions Limited provided services to BAA plc, a related party through non-executive director Mr Mathew Riley, during the year under review. Revenue generated from BAA plc totalled £0.195m (2006: £0.134m) with £0.059m (2006: £0.010m) outstanding at the end of the year.

There are no other trading balances with other Group companies.

## 8. TRANSITION FROM UK GAAP TO IFRS

The accounting policies were changed on 1 January 2007 to comply with IFRS. The transition to IFRS is accounted for in accordance with IFRS 1 'First-Time Adoption of International Financial Reporting Standards' with 1 January 2006 as the date of transition. The adoption of IFRS did not result in substantial changes to the Group's accounting policies under UK Accounting Standards as set out in the Group's audited financial statements for the year ended 31 December 2006. The changes in accounting policies as a consequence of the transition to IFRS are described below, along with reconciliations of the effects of the transition to IFRS.

The Group elected to apply the exemptions granted in IFRS 1 in respect of business combinations that occurred prior to the transition date of 1 January 2006. To explain the impact of the transition, reconciliations have been included that show the changes made to the statements previously reported under UK GAAP.

The following audited reconciliations are included:

- Reconciliation of the Consolidated UK GAAP profit and loss account to the Consolidated IFRS income statement for the year ended 31 December 2006
- Reconciliation of Consolidated UK GAAP balance sheet to the Consolidated IFRS balance sheet at 1 January 2006 and 31 December 2006



– Notes on financial impact on adoption of IFRS statements

**Reconciliation of consolidated loss for year ended 31 December 2006**

|  | <b>UK<br/>GAAP<br/>£'000</b> | <b>(a)<br/>IAS 38<br/>£'000</b> | <b>(b)<br/>IAS 39<br/>£'000</b> | <b>(c)<br/>Non IFRS<br/>£'000</b> | <b>IFRS<br/>£'000</b> |
|--|------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------|
| <b>Revenue</b>   | 1,354                        | -                               | -                               | (33)                              | 1,321                 |
| <b>Cost of sales</b>                                   | (317)                        | -                               | -                               | (22)                              | (339)                 |
| <b>Gross profit</b>                                    | 1,037                        | -                               | -                               | (55)                              | 982                   |
| <b>Sales &amp; distribution costs</b>                  | (288)                        | -                               | -                               | -                                 | (288)                 |
| <b>Administrative expenses</b>                         | (1,606)                      | -                               | -                               | 55                                | (1,551)               |
| <b>OPERATING LOSS</b>                                  | (857)                        | -                               | -                               | -                                 | (857)                 |
| Fair Value adjustment arising on loan from shareholder | -                            |                                 | 182                             | -                                 | 182                   |
| Financial income                                       | 1                            | -                               | -                               | -                                 | 1                     |
| Financial costs  | (1)                          | -                               | (148)                           | -                                 | (149)                 |
| <b>LOSS BEFORE TAXATION</b>                            | (857)                        | -                               | 34                              | -                                 | (823)                 |
| Tax expense  | -                            | -                               | -                               | -                                 | -                     |
| <b>LOSS FOR THE YEAR</b>                               | (857)                        | -                               | 34                              | -                                 | (823)                 |
| Attributable to:                                       |                              |                                 |                                 |                                   |                       |
| Equity shareholders                                    | (857)                        | -                               | 34                              | -                                 | (823)                 |
| Minority shareholders                                  | -                            | -                               | -                               | -                                 | -                     |
| <b>LOSS FOR THE YEAR</b>                               | (857)                        | -                               | 34                              | -                                 | (823)                 |

**Reconciliation of consolidated equity for the year ended 31 December 2006**

|                                     | UK GAAP<br>£'000 | (a)<br>IAS 38<br>£'000 | (b)<br>IAS 39<br>£'000 | IFRS<br>£'000 |
|-------------------------------------|------------------|------------------------|------------------------|---------------|
| <b>ASSETS</b>                       |                  |                        |                        |               |
| <b>NON-CURRENT ASSETS</b>           |                  |                        |                        |               |
| Property, plant and equipment       | 113              | (66)                   | -                      | 47            |
| Intangible assets                   | 365              | 66                     | -                      | 431           |
|                                     | 478              | -                      | -                      | 478           |
| <b>CURRENT ASSETS</b>               |                  |                        |                        |               |
| Trade and other receivables         | 409              | -                      | -                      | 409           |
| Cash at bank                        | 3                | -                      | -                      | 3             |
|                                     | 412              | -                      | -                      | 412           |
| <b>TOTAL ASSETS</b>                 | 890              | -                      | -                      | 890           |
| <b>EQUITY AND LIABILITIES</b>       |                  |                        |                        |               |
| <b>CAPITAL AND RESERVES</b>         |                  |                        |                        |               |
| Called up share capital             | 18,750           | -                      | -                      | 18,750        |
| Share premium account               | 2,442            | -                      | -                      | 2,442         |
| Profit and loss account             | (22,882)         | -                      | 94                     | (22,788)      |
| <b>EQUITY SHAREHOLDERS' DEFICIT</b> | (1,690)          | -                      | 94                     | (1,596)       |
| Minority interest                   | -                | -                      | -                      | -             |
| <b>TOTAL EQUITY</b>                 | (1,690)          | -                      | 94                     | (1,596)       |
| <b>NON-CURRENT LIABILITIES</b>      |                  |                        |                        |               |
| Borrowings                          | 1,645            | -                      | (94)                   | 1,551         |
| <b>CURRENT LIABILITIES</b>          |                  |                        |                        |               |
| Trade and other payables            | 935              | -                      | -                      | 935           |
| <b>TOTAL LIABILITIES</b>            | 2,580            | -                      | (94)                   | 2,486         |
| <b>TOTAL EQUITY AND LIABILITIES</b> | 890              | -                      | -                      | 890           |

**Reconciliation of consolidated equity for the year at 1 January 2006 (date of transition to IFRS)**

|                                     | UK GAAP<br>£'000 | (a)<br>IAS 38<br>£'000 | (b)<br>IAS 39<br>£'000 | IFRS<br>£'000 |
|-------------------------------------|------------------|------------------------|------------------------|---------------|
| <b>ASSETS</b>                       |                  |                        |                        |               |
| <b>NON-CURRENT ASSETS</b>           |                  |                        |                        |               |
| Property, plant and equipment       | 191              | (97)                   | -                      | 94            |
| Intangible assets                   | 547              | 97                     | -                      | 644           |
|                                     | 738              | -                      | -                      | 738           |
| <b>CURRENT ASSETS</b>               |                  |                        |                        |               |
| Trade and other receivables         | 617              | -                      | -                      | 617           |
| Cash at bank                        | 7                | -                      | -                      | 7             |
|                                     | 624              | -                      | -                      | 624           |
| <b>TOTAL ASSETS</b>                 | 1,362            | -                      | -                      | 1,362         |
| <b>EQUITY AND LIABILITIES</b>       |                  |                        |                        |               |
| <b>CAPITAL AND RESERVES</b>         |                  |                        |                        |               |
| Called up share capital             | 18,750           | -                      | -                      | 18,750        |
| Share premium account               | 2,442            | -                      | -                      | 2,442         |
| Profit and loss account             | (22,069)         | -                      | 60                     | (22,009)      |
| <b>EQUITY SHAREHOLDERS' DEFICIT</b> | (877)            | -                      | 60                     | (817)         |
| Minority interest                   | (9)              | -                      | -                      | (9)           |
| <b>TOTAL EQUITY</b>                 | (886)            | -                      | 60                     | (826)         |
| <b>NON-CURRENT LIABILITIES</b>      |                  |                        |                        |               |
| Borrowings                          | 977              | -                      | (60)                   | 917           |
| <b>CURRENT LIABILITIES</b>          |                  |                        |                        |               |
| Trade and other payables            | 1,271            | -                      | -                      | 1,271         |
|                                     | 1,271            | -                      | -                      | 1,271         |
| <b>TOTAL LIABILITIES</b>            | 2,248            | -                      | (60)                   | 2,188         |
| <b>TOTAL EQUITY AND LIABILITIES</b> | 1,362            | -                      | -                      | 1,362         |

#### **Explanation of reconciling items between UK GAAP and IFRS**

The transition to IFRS resulted in the following changes in accounting policies:

(a) IAS 38 Intangible Assets

In accordance with IAS 38 all software that is not an integral part of the computer hardware must be classified within intangibles.

(b) IAS 39 Financial Instruments: Recognition and Measurement

In accordance with IAS 39 the interest free loan is recorded at fair value. The difference between the fair value and the redemption value is credited to the income statement and an interest charge is imputed to reflect the interest that the loan would incur under normal commercial terms.

**Explanation of restatement of 2006 audited accounts (non IFRS)**

(c) Management have taken the decision to reclassify rebates due to customers (£33k) from cost of sales to a reduction in revenue. Server hosting costs (£55k) have been reclassified from administrative costs to cost of sales.

**Cash flows**

There is no material difference between the UK GAAP and IFRS cash flow statements; hence no reconciliation has been prepared of the cash flow statements.

**9. APPROVAL OF THIS PRELIMINARY ANNOUNCEMENT**

The preliminary report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the report in accordance with the AIM rules issued by the London Stock Exchange.

This announcement was approved by the Board of Directors on 19 June 2008.