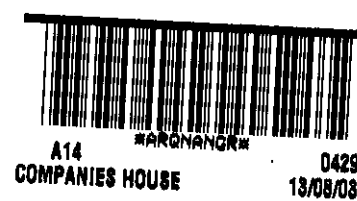


Company Registration No. 4040122

ASITE SOLUTIONS LIMITED

Report and Financial Statements

For the year ended 31 December 2002



ASITE SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	9

ASITE SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

SECRETARY

C H Woods

REGISTERED OFFICE

Leconfield House
17 Curzon Street
London W1J 5JA

BANKERS

HSBC Bank plc
West End Business Banking Centre
70 Pall Mall
London SW1Y 5EY

AUDITORS

Deloitte & Touche
Chartered Accountants and Registered
Auditors
London

ASITE SOLUTIONS LIMITED

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2002.

ACTIVITIES

Asite Solutions Limited began trading in June 2001 and provides business to business solutions and services to the whole of the construction industry.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Software product development will become the foundation of the intellectual property of the business and the basis of how we progress to serve the market.

We completed the cost restructuring of our core technology licence, which provides Asite's web services and portal management components, the foundation elements to our technology. The licence is now perpetual and fully paid and so has eliminated a future liability in excess of £2.8m. Similar restructuring of the cost of our production hosting service has also now been concluded.

This was driven by a change in emphasis away from transaction based and product revenue model marketplace business model, towards revenue derived from the provision of services driving value from an integrated platform of software and web services. These services include collaboration, tender, contract administration, cost management, community and scheduling as well as buy/supply and other support applications to the customer enterprise.

This required a substantial increase in investment in our technology and in the development of these new product offerings. The key objective in doing so was to own our core technology assets and reduce the emphasis on reseller agreements.

At the same time turnover from our ongoing business has continued to grow to £1.6m from £0.3m in the previous year.

Asite's business model is now firmly geared towards the provision of technology and the development of intellectual property assets, which answer the market's demand for software that clearly results in competitive advantages for our customers – in terms of increased profits and reduced process costs.

Asite has focused on clarifying its strategic direction, as it refines its relevance and value to the market it serves – namely facilitating the exchange of information throughout the construction industry supply chain, enabling the essential transparency and efficiency that the market continually needs to improve. Asite has successfully re-engineered its technology platform and delivered one major new product release (Asite Tender) already in 2003.

A number of important new customers were acquired, including St George Securities, Whitbread, Grosvenor Estates and Birse Rail (in partnership with Network Rail) – and the organisation is dedicating much of its energy towards developing its business relationships with these early adopters, which are acknowledged as key to its future.

The Company has also succeeded in retaining the ongoing commitment of many of its original partners, including BAA, Stanhope and Laing O'Rourke who are now rolling-out Asite's solutions across their businesses – with measurable results and clear, direct economic benefits.

With solid growth coming from these deepening relationships (based on a demonstrable return on the investment in our software), the Board can see continued strength in our long-term contracted revenues. Having eliminated our long-term contractual trade liabilities and reduced other key expenses, thus significantly reducing the cost structure of the business, the Board anticipates monthly cash flow becoming positive in 2003.

As described in note 1 to the accounts, the Company believes that it has adequate funding in place for the period to 30 June 2004.

ASITE SOLUTIONS LIMITED

DIRECTOR'S REPORT (continued)

An important component of Asite's success will be its Community programme (which already comprises hundreds of companies and over 3,000 individual users). Highlights include speakers from Laing O'Rourke and Wolseley at events in the first half of 2003.

Asite has proven its software integration skills and experience during the last year, created a clear value proposition to the market, and is earning a significant customer base. This will mean we can further reduce the cash out flows in the business during 2003.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £4,338,949 (2001 – loss of £4,404,946), which has been transferred to reserves.

The director does not recommend the payment of a final dividend (2001 – £nil).

The director is satisfied with the Company's position at 31 December 2002 and does not anticipate any further changes in the coming year.

DIRECTORS

The directors of the Company who served during the year are listed below:

Name	Date of appointment	Date of resignation
Sir John Egan	24 April 2001	15 August 2002
Mr Charles Woods	24 April 2001	9 October 2002
Mr Alastair Mellon	-	8 March 2003
Mr Peter Rogers	-	15 August 2002
Mr David Camp	-	18 January 2002
Mr Robert Tchenguiz	-	15 August 2002
Mr Andrew Wolstenholme	16 May 2001	15 August 2002
Mr Thomas Dengenis	10 July 2002	-
Mr Mark Sidley	15 August 2002	2 January 2003
Mrs Rajal Patni	15 August 2002	2 January 2003
Mr Paul Alder	15 August 2002	30 January 2003

DIRECTOR'S INTERESTS

The directors who served during the year and had interests in the company at the year end are listed below. The directors' interests in the parent company, Asite plc, are shown in the accounts of that company.

	Interest – Number of Shares	
	31 December 2002	31 December 2001
Sir John Egan	60	60
Mr Alastair Mellon	60	60
Mr Thomas Dengenis	60	-

AUDITORS

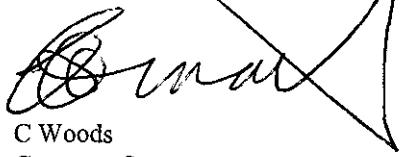
Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Deloitte & Touche has informed the directors that they are intending to transfer their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

ASITE SOLUTIONS LIMITED

DIRECTOR'S REPORT (continued)

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

A handwritten signature in black ink, appearing to read 'C Woods', is written over a large, stylized 'X' mark that spans across the signature and the text below it.

C Woods
Company Secretary

16 July 2003

ASITE SOLUTIONS LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed.

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

ASITE SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASITE SOLUTIONS LIMITED

We have audited the financial statements of Asite Solutions Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities, the Company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 also report if, in our opinion, the director's report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the director's report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the director in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, 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.

Going Concern

In forming our opinion we have considered the adequacy of disclosures made in note 1 to the accounts concerning the uncertainty as to the continuation of financial support through Asite plc by one of the directors. The accounts do not include any adjustments which would arise if such support is not provided. In view of this significance of the uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London
17 July 2003

ASITE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER	2	1,575,193	298,691
Revenue share		(450,261)	(130,085)
Net turnover		<u>1,124,932</u>	<u>168,606</u>
ADMINISTRATIVE EXPENSES			
Depreciation	8	(2,198,112)	(1,140,957)
Other operating charges		(3,306,687)	(3,442,498)
		<u>(5,504,799)</u>	<u>(4,583,455)</u>
OPERATING LOSS	5	(4,379,867)	(4,414,849)
Interest (payable) / receivable	6	(24,095)	9,903
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,403,962)</u>	<u>(4,404,946)</u>
Tax credit on loss on ordinary activities	7	15,013	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(4,388,949)</u>	<u>(4,404,946)</u>
LOSS FOR THE FINANCIAL YEAR	13	<u>(4,388,949)</u>	<u>(4,404,946)</u>

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

All transactions are derived from continuing operations.

ASITE SOLUTIONS LIMITED

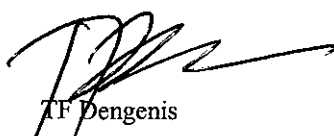
BALANCE SHEET

As at 31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	-	4,657,241
CURRENT ASSETS			
Debtors	9	392,267	364,189
Cash at bank and in hand		16,198	4,613
		408,465	368,802
CREDITORS: amounts falling due within one year	10	(1,521,013)	(2,021,323)
NET CURRENT LIABILITIES		(1,112,548)	(1,652,521)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,112,548)	3,004,720
CREDITORS: amounts falling due after more than one year	11	(9,728,833)	(9,457,212)
NET LIABILITIES		(10,841,381)	(6,452,492)
CAPITAL AND RESERVES			
Called up share capital	12	3,045	2,985
Profit and loss account		(10,844,426)	(6,455,477)
EQUITY SHAREHOLDERS' DEFICIT	13	(10,841,381)	(6,452,492)

These financial statements were approved by the Director on 16 July 2003.

Signed by the sole director


 TF Dengenis
 Director

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared on the assumption that Asite plc will continue to provide financial support to the Company. Asite plc has confirmed that it will continue to provide support for a period of 12 months from the date of signing these financial statements and that the settlement of the loan due to it will not be requested for a period of 365 days after signing the financial statements, subject to the uncertainty set out below.

The directors of Asite plc have prepared projected Group cash flow information for the current financial year and for the first half of the following year to 30 June 2004. 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 amount of cash flows. On the basis of this Group cash flow information, the directors of Asite plc are aware that additional funding will be required. Over the last 12 months, Mr Robert Tchenguiz has provided the Group with the financial support it has required. The Company's directors believe Mr Robert Tchenguiz will continue to provide, through Asite plc, the funding required and Asite plc have received a written confirmation from him that he intends to provide this funding in the form of a new loan amounting to £750,000 and that he will not call for the repayment of this new loan or any existing loans before 30 September 2004.

This new loan has been agreed to be provided in the expectation that the Group achieves its forecast cash flows in the period to 30 September 2004. However, there is inherent uncertainty as to the realisation of the forecast and consequently uncertainty as to the continuing support of Mr Robert Tchenguiz.

On the basis of discussions with Asite plc the directors of the company 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 support from Mr. Robert Tchenguiz to Asite plc and consequently the company or other sources of finance not being available.

2. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is the total amount receivable for services provided in the ordinary course of business excluding Value Added Tax.

Foreign exchange

Transactions denominated in foreign currencies are translated in the other functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

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:

Short term leasehold improvements	Over the term of the lease
Plant and equipment	1 to 2 years
Domain names	1 to 2 years
Supplier database content	1 to 2 years
Software development and website design	1 to 2 years
License Fees	1 to 2 years

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

4 STAFF COSTS

During the year, staff costs, excluding directors, of the company were:

	2002 £	2001 £
Wages and salaries	1,708,462	744,216
Social security costs	179,758	73,326
	<u>1,888,220</u>	<u>817,542</u>

The average number of employees of the company during the year was:

	No.	No.
Technical	33	6
Administrative	9	23
	<u>42</u>	<u>29</u>

5 OPERATING LOSS

	2002 £	2001 £
Operating loss is stated after charging:		
Rentals under operating leases:		
Office equipment and fittings	34,603	52,847
Auditors' remuneration:		
Non-audit fees	-	2,800
	<u>-</u>	<u>2,800</u>

The audit fee for the current and prior year has been borne by the parent company.

6 INTEREST (PAYABLE) / RECEIVABLE

	2002 £	2001 £
Treasury deposits	-	3,743
Parent company	-	6,144
Bank	(24,095)	16
	<u>(24,095)</u>	<u>9,903</u>

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

7 TAXATION

	2002 £	2001 £
United Kingdom corporation tax at 30% (2001 – 30%) based on the loss for the period	<u>15,013</u>	<u>-</u>
The tax credit for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2001 – 30%).		
The differences are explained below:		
Profit on ordinary activities before tax	(4,403,962)	(4,404,946)
Tax at 30% thereon:	<u>1,321,189</u>	<u>1,321,484</u>
Expenses not deductible for tax purposes	(30,023)	(90,423)
Depreciation in excess of capital allowances	(473,814)	(31,271)
Pre-trading expenditure deductible in period	-	569,101
Tax losses arising in period and carried forward	<u>(817,352)</u>	<u>(1,688,891)</u>
Current tax charge for period	-	-
Release of prior year provision	<u>15,013</u>	<u>-</u>
	<u>15,013</u>	<u>-</u>

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 £2,680,050.

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

8 TANGIBLE FIXED ASSETS

	Short-term leasehold improve- ments £	Plant and equipment £	Domain names £	Supplier database content £	Software develop- ment and website design £	License fees £	Total £
Cost							
At 31 January 2002	7,500	111,966	95,426	210,035	840,305	4,535,147	5,800,379
Additions	-	158,826	1,845	-	197,524	-	358,195
Amendment to cost	-	-	-	-	-	(2,817,288)	(2,817,288)
Disposals	(7,500)	(5,580)	(37)	-	-	-	(13,117)
At 31 December 2002	-	265,212	97,234	210,035	1,037,829	1,717,859	3,328,169
Accumulated depreciation							
At 1 January 2002	7,500	27,520	15,942	35,217	301,101	755,858	1,143,137
Charge for the year	-	243,273	81,292	174,818	736,728	962,001	2,198,112
Disposals	(7,500)	(5,580)	-	-	-	-	(13,080)
At 31 December 2002	-	265,212	97,234	210,035	1,037,829	1,717,859	3,328,169
Net book value							
At 31 December 2002	-	-	-	-	-	-	-
At 31 December 2001	-	84,446	79,484	174,818	539,204	3,779,289	4,657,241

The amendment to cost resulted from the re-negotiation of long term licence fee payments.

9 DEBTORS

	2002 £	2001 £
Trade debtors	364,615	81,173
VAT recoverable	12,809	74,383
Other debtors	270	-
Prepayments and accrued income	14,573	208,633
	<u>392,267</u>	<u>364,189</u>

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	-	160,988
Trade creditors	933,428	1,211,152
Accruals and deferred income	388,344	58,407
Social security and other taxes	197,353	117,773
Other creditors	1,888	457,990
Corporation tax group relief	-	15,013
	<u>1,521,013</u>	<u>2,021,323</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Amounts owed to parent company	9,728,833	6,734,253
Other creditors	-	2,722,959
	<u>9,728,833</u>	<u>9,457,212</u>

There is no interest on the amount owed to the parent company.

As detailed in note 1, Asite plc has confirmed that settlement of the amount due to it will not be requested until 366 days after signing of the financial statements.

12 CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
5,835 ordinary shares of £1 each at 31 December 2002	<u>5,835</u>	<u>5,835</u>
Called up, allotted and fully paid:		
1 ordinary shares of £1 each at 1 January	2,985	1
Issued for cash:		
Sir John Egan	-	60
Tom Degenis	60	-
Alastair Mellon	-	60
Issued for services:	-	2,864
	<u>3,045</u>	<u>2,985</u>
At December		

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2002

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Called up share capital £	Profit and loss account £	Total £
Opening shareholders' deficit	2,985	(6,455,477)	(6,452,492)
New shares issued	60	-	60
Loss for the financial year	-	(4,403,962)	(4,403,962)
Closing shareholders' deficit	<u>3,045</u>	<u>(10,859,439)</u>	<u>(10,856,394)</u>

14 ULTIMATE PARENT COMPANY

The ultimate parent and controlling undertaking is Asite plc, which is incorporated in Great Britain. Asite plc is the parent company of the smallest and largest company for which group accounts are prepared. Group accounts are prepared and may be obtained from Leconfield House, Curzon Street, London W1J 5JA.

15 RELATED PARTY TRANSACTIONS

Asite Solutions Limited provided services to Stanhope plc, a shareholder in the parent company, and some of its own shareholders during the year under review. Stanhope plc totalled £466,498 (2001 - £159,375) with £35,427 outstanding at year end, BAA plc totalled £261,294 (2001 - £15,810) with £86,092 outstanding at year end, and Tishman Speyer totalled £nil (2001 - £26,080). Asite plc provided services to Asite Solutions Ltd totalling £nil (2001 - £178,090) during the year.

A total of £nil (2001 - £465,872) has been recognised as consultancy services provided by Dynamis, in which Mike Ensing, a former non-executive director of the parent company, has an interest.