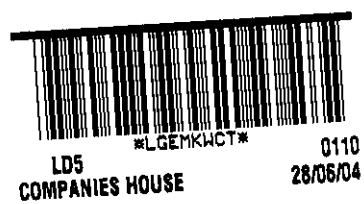


Company Registration No. 4040122

ASITE SOLUTIONS LIMITED

Report and Financial Statements

For the year ended 31 December 2003



ASITE SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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ASITE SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

SECRETARY

Ms Amanda Heald

REGISTERED OFFICE

Leconfield House
17 Curzon Street
London W1J 5JA

DIRECTORS

Mr Thomas Dengenis
Mr Gordon Ashworth
Mr Brian Austin
Mr Adrian Backler
Mr Nathan Doughty
Mr Devendra Gera
Mr Sanjay Madhu
Mr Tony Ryan

BANKERS

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

AUDITORS

Mazars
24 Bevis Marks
London EC3A 7NR

ASITE SOLUTIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

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

During the year the Company focused on the development of software products and support services to its clients. The directors believe that the Company made satisfactory progress during the year. Continued investment in the Company's product inventory was made and three major product releases were launched in 2003. The strength of our client relationships, as measured by the growth in our order book, improved during 2003. The Board continues to keep operating costs under review, and in this regard, has taken steps to offshore its development capacity.

The Board believes that the growing appreciation of its products, its strong client relationships and cost control will combine to provide a strong base from which the company can move, in due course, to a level of sustainable and profitable trading. As described in note 1 to the accounts, the Directors believe that the Company has adequate funding in place to reach the point where it will become self-funding.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £1,902,226 (2002 – loss of £4,338,949), which has been transferred to reserves. Research and development costs incurred during the year to 31 December 2003 totalled £674,000.

The directors do not recommend the payment of a final dividend (2002 – £nil).

The directors are satisfied with the Company's position at 31 December 2003.

DIRECTORS

The directors of the Company who either served during the year or had been appointed as at the date of this report are as follows:

Name	Date of appointment	Date of resignation
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
Mr Robert Ensich	24 February 2003	30 October 2003
Mr Nathan Doughty	1 July 2003	-
Mr Adrian Backler	1 July 2003	-
Mr Gordon Ashworth	22 March 2004	-
Mr Brian Austin	5 April 2004	-
Mr Tony Ryan	5 April 2004	-
Mr Devendra Gera	5 April 2004	-
Mr Sanjay Madhu	5 May 2004	-

ASITE SOLUTIONS LIMITED

DIRECTORS' REPORT (Continued)

DIRECTOR'S INTERESTS

The directors who held office at 31 December 2003 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 2003	31 December 2002
Mr Thomas Dengenis	60	60

AUDITORS

Deloitte and Touche LLP resigned as auditors on 5 January 2004 and Mazars were appointed on this date. Mazars 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 Gordon Ashworth
Finance Director
8 June 2004

ASITE SOLUTIONS LIMITED

STATEMENT OF DIRECTORS' 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 directors are 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 directors are 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 directors are 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 2003 which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes 1 to 20. These financial statements have been prepared under the historical cost convention and 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 directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are 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 directors' 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

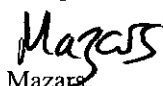
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 realisation of the forecasts. In addition, there is also uncertainty as to the continuation of financial support, via Asite plc, of Mr Robert Tchenguiz. The accounts do not include any adjustments which would arise if such support were not provided. In view of the significance of the uncertainties we consider that they 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 2003 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars
Chartered Accountants and Registered Auditors
London
8 June 2004

ASITE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	2	1,696,755	1,575,193
Cost of sales	6	(805,800)	(872,803)
Gross profit		890,955	702,390
Sales & distribution costs		(357,057)	(546,659)
Administration expenses		(2,435,015)	(4,535,598)
Operating loss	6	(1,901,117)	(4,379,867)
Interest payable	7	(1,109)	(24,095)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,902,226)	(4,403,962)
Tax credit on loss on ordinary activities	8	-	15,013
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,902,226)	(4,388,949)
LOSS FOR THE FINANCIAL YEAR	15	(1,902,226)	(4,388,949)

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

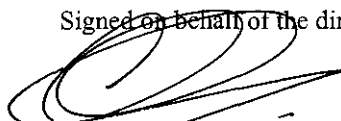
BALANCE SHEET

As at 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	9	76,827	-
CURRENT ASSETS			
Debtors	10	338,749	392,267
Cash at bank and in hand		300	16,198
		<u>339,049</u>	<u>408,465</u>
CREDITORS: amounts falling due within one year	11	(565,364)	(1,521,013)
NET CURRENT LIABILITIES		<u>(226,315)</u>	<u>(1,112,548)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(149,488)</u>	<u>(1,112,548)</u>
CREDITORS: amounts falling due after more than one year	12	(12,593,950)	(9,728,833)
		<u>(12,743,438)</u>	<u>(10,841,381)</u>
CAPITAL AND RESERVES			
Called up share capital	14	3,214	3,045
Profit and loss account	15	(12,746,652)	(10,844,426)
EQUITY SHAREHOLDERS' DEFICIT	15	<u>(12,743,438)</u>	<u>(10,841,381)</u>

These financial statements were approved by the the Board of Directors on 8 June 2004.

Signed on behalf of the directors



Mr Gordon Ashworth
Director

ASITE SOLUTIONS LIMITED

CASHFLOW STATEMENT

For the year ended 31 December 2003

	Note	2003 £	2002 £
Net cash outflow from operating activities	16	(2,756,912)	(2,581,221)
Returns on investments and servicing of finance			
Interest received		-	9,903
Interest paid		(1,109)	-
Net cash (outflow) / inflow from returns on investments and servicing of finance		(1,109)	9,903
Capital expenditure			
Payments to acquire fixed assets		(129,037)	(358,195)
Proceeds from sale of fixed assets		1,592	13,117
Net cash outflow from capital expenditure		(127,445)	(345,078)
Net cash outflow before financing		(2,885,466)	(2,916,396)
Financing			
Net proceeds on issue of ordinary share capital		60	60
Net proceeds from borrowings		2,865,117	3,156,375
Repayment of borrowings		-	(67,466)
Net cash inflow from financing		2,865,177	3,088,969
(Decrease) / increase in cash in the year	17	(20,289)	172,573

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The early stage of development of the Company's business is such that there can be considerable unpredictable variation in the amount of revenue and timing and amounts of cash flows. The directors have projected cash flow information for the period to 30 June 2005. On the basis of this cash flow information, the directors are of the opinion that additional funding may be required. The directors are working towards bringing the company to a level of profitable trading. In doing so, they are assessing, on a regular basis, cost levels, sales activities and research and development expenditure.

Over the past twelve months, Mr Robert Tchenguiz has provided this Company with the financial support it has required in the form of loans to Asite plc from two companies, Rotch Property Group Limited and R20 Limited, of which Mr Robert Tchenguiz is a director. The directors believe that Mr Robert Tchenguiz will continue to provide the funding required and have received written confirmation from him that he intends to provide this funding in the form of a new loan, which, when added to existing facilities, amount to £1.35million and that he will not call for the repayment of this new loan or existing loans before 9 June 2005.

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.

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. The format on the profit and loss account has been adjusted from the prior year to reflect the ongoing operation of the business.

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:

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

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

2. ACCOUNTING POLICIES (continued)

Deferred taxation

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 law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the 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.

Operating leases

Operating lease rentals are charged to the profit and loss account as the annual charges are incurred.

Research & development

The costs associated with research and development are expensed as incurred.

3. DIRECTORS' EMOLUMENTS

	2003 £	2002 £
Directors' emoluments		
Fees	-	76,797
Salary payments (including benefits in kind)	392,349	272,297
Compensation for loss of office	39,500	-
	<hr/> 431,849	<hr/> 349,094

The highest paid director was paid £120,000 in salary during the year (2002 - £120,000).

No pension contributions were made on behalf of directors of the company (2002 - £Nil).

4. SEGMENTAL ANALYSIS

All operations were transacted within the UK during the year.

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

5. STAFF COSTS

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

	2003 £	2002 £
Consultancy fees	38,137	107,674
Wages and salaries	1,964,410	1,600,788
Social security costs	199,555	179,758
	<u>2,202,102</u>	<u>1,888,220</u>

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

	No.	No.
Professional services	11	9
Sales & account managers	6	11
Technical	21	13
Finance & administrative	5	9
	<u>43</u>	<u>42</u>

6. OPERATING LOSS

	2003 £	2002 £
Operating loss is stated after charging:		
Revenue share	374,809	450,261
Office equipment rentals under operating leases	39,678	34,603

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

7. INTEREST PAYABLE

	2003 £	2002 £
Bank	1,109	24,095

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

8. TAXATION

	2003 £	2002 £
United Kingdom corporation tax at 30% (2002 – 30%) based on the loss for the period	-	15,013
<hr/>		
The tax credit for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2002 – 30%).		
The differences are explained below:		
Loss on ordinary activities before tax	(1,902,226)	(4,403,962)
Tax at 30% thereon:	570,668	1,321,189
Expenses not deductible for tax purposes	(10,516)	(30,023)
Depreciation in excess of capital allowances	(13,455)	(473,814)
Creation of tax losses	(521,710)	(817,352)
Other timing differences	(24,987)	-
Current tax charge for period	-	-
Release of prior year provision	-	15,013
	-	15,013

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 £3,653,819 (2002 - £2,680,050).

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

9. TANGIBLE FIXED ASSETS

	Plant and equipment £	Website costs £	Total £
Cost			
At 1 January 2003	265,212	3,062,957	3,328,169
Additions	103,676	25,361	129,037
Disposals	(7,982)	(210,035)	(218,017)
At 31 December 2003	360,906	2,878,283	3,239,189
Accumulated depreciation			
At 1 January 2003	265,212	3,062,957	3,328,169
Charge for the year	50,538	1,672	52,210
Disposals	(7,982)	(210,035)	(218,017)
At 31 December 2003	307,768	2,854,594	3,162,362
Net book value			
At 31 December 2003	53,138	23,689	76,827
At 31 December 2002	-	-	-

10. DEBTORS

	2003 £	2002 £
Trade debtors	319,791	364,615
VAT recoverable	-	12,809
Other debtors	-	270
Prepayments and accrued income	18,958	14,573
	338,749	392,267

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank overdraft	4,391	-
Trade creditors	142,355	933,428
Accruals and deferred income	60,011	388,344
Social security and other taxes	298,433	197,353
Other creditors	40,821	1,888
Corporation tax group relief	15,013	-
VAT payable	4,340	-
	<u>565,364</u>	<u>1,521,013</u>

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

	2003 £	2002 £
Amounts owed to parent company	12,593,950	9,728,833

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

Asite plc has confirmed that settlement of the amount due to it will not be requested.

13. OBLIGATIONS UNDER OPERATING LEASES & COMMITTED EXPENDITURE

	Other 2003 £	Other 2002 £
The following amounts are payable within the next year on operating leases & committed expenditure expiring:		
Within 1 year	67,518	35,495
Within 2 to 5 years	42,947	25,297
After more than 5 years	-	6,813
	<u>110,465</u>	<u>67,605</u>

14. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
5,835 ordinary shares of £1 each at 31 December 2003	5,835	5,835
Called up, allotted and fully paid:		
1 ordinary shares of £1 each at 1 January	3,045	2,985
Ordinary shares of £1 each issued for cash	60	60
Ordinary shares of £1 each allotted in place of services	109	-
At December	<u>3,214</u>	<u>3,045</u>

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Called up share capital £	Profit and loss account £	Total £
Opening shareholders' deficit	3,045	(10,844,426)	(10,841,381)
New shares issued	169	-	169
Loss for the financial year	-	(1,902,226)	(1,902,226)
Closing shareholders' deficit	3,214	(12,746,652)	(12,743,438)

16. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW

	2003 £	2002 £
Operating loss	(1,901,117)	(4,379,867)
Depreciation	52,210	2,185,031
Profit on disposal of fixed assets	(1,592)	-
Intercompany loan adjustment	-	(33,998)
Fees received in advance	(98,024)	132,004
Service charged to operating loss in return for issue of shares	109	-
Decrease / (increase) in debtors	53,518	(28,078)
Decrease in creditors	(862,016)	(456,313)
	(2,756,912)	(2,581,221)

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

	2003 £	2002 £
(Decrease) / increase in cash in the year	(20,289)	172,573
Loan	(2,865,117)	(5,811,868)
Movement in net debt in the year	(2,885,406)	(5,639,295)
Net funds at 1 January	(7,569,703)	(1,930,408)
Net funds at 31 December	(10,455,109)	(7,569,703)

ASITE SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

18. ANALYSIS OF NET DEBT

	At 1 January 2003 £	Cash Flows £	At 31 December 2003 £
Cash	16,198	(15,898)	300
Overdraft	-	(4,391)	(4,391)
	<hr/>	<hr/>	<hr/>
	16,198	(20,289)	(4,091)
Loan	(9,728,833)	(2,865,117)	(12,593,950)
	<hr/>	<hr/>	<hr/>
	(9,712,635)	(2,885,406)	(12,598,041)
	<hr/>	<hr/>	<hr/>

19. 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.

20. RELATED PARTY TRANSACTIONS

Asite Solutions Limited provided services to Stanhope plc and BAA plc, shareholders in Asite Solutions Limited, during the year under review. Revenue generated from Stanhope plc totalled £317,022 (2002 - £466,498) with £39,937 (2002 - £35,427) outstanding at year end. Revenue generated from BAA plc totalled £267,488 (2002 - £261,294) with £14,027 (2002 - £86,092) outstanding at year end.

Expenses incurred by Asite plc, the parent company, on behalf of Asite Solutions Limited during the year totalled £155,410 (2002 - £63,546). At 31 December 2003, the balance of the loan from Asite plc to Asite Solutions Limited was £12,593,950 (2002 - £9,728,833). This is a non-interest bearing loan of which settlement has been confirmed as not being requested. There were no transactions with directors of Asite plc relating to Asite Solutions Limited during the year ended 31 December 2003.