Registered Number. 2918391

VOSS NET PLC (The Company)

FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

JEFFREYS HENRY LLP
Chartered Accountants

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

VOSS NET PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

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VOSS NET PLC

COMPANY INFORMATION
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

DIRECTORS:	LEV. Knifton WNV. Weller T C. Hellman
SECRETARY:	International Registrars Limited
REGISTERED OFFICE:	Finsgate 5-7 Cranwood Street London EC1V 9EE
REGISTERED NUMBER:	2918391
AUDITORS	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
BANKERS:	National Westminster Bank Plc Chilterns Corporate Business Centre P O Box 412, Rapid House 40 Oxford Road High Wycombe Buckinghamshire HP11 2EF

VOSS NET PLC

CHAIRMAN'S STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2004

The Company continues to operate as an AIM shell seeking suitable targets for acquisition to increase shareholder value.

As announced on 10 October 2003, the Board of your Company entered into an agreement with Nigel Weller and myself whereby we would provide financial assistance enabling the Company and its subsidiaries to enter into Company Voluntary Arrangements. Meetings to approve these CVAs were held on the 24 November 2003 and Mr Weller and I were voted onto the Board of the Company at the AGM. Subsequently Mr Thomas Hellman was voted on the Board on the 12 February 2004.

Trading in the Company's shares on AIM was restored as a result of these arrangements and Zaika Limited acquired 29.9% of the then issued share capital of the Company at par value. This consideration was in payment of the assistance rendered to the Company by Nigel Weller and myself in affecting the CVA.

Following the suspension of the Company's shares, your directors ensured that no further payments were made by the Group and decided that the only way forward for the Company would be to seek a new business to be injected into the Company. To that end, efforts were made to identify parties who could provide short term financial assistance to the Company and help in finding a new business for your Company, whilst at the same time providing the best way forward for the Company's employees, creditors and shareholders.

The Way Forward

As announced on 10 October 2003, your Company entered into an agreement with myself and Nigel Weller and our company Great Monument Capital Limited whereby it would provide reasonable financial assistance to the Company to allow the Company and its subsidiaries to enter into Company Voluntary Arrangements. The Company regained its AIM listing on the 24 November 2003 and meetings to approve these CVAs were held on the 30 December 2003, Nigel Weller and myself were appointed to the board at the passing of the resolutions at an EGM held on 24 November 2003.

In consideration of the assistance of Great Monument Capital Limited in effecting the CVA, Voss Net issued 48,748,032 new Voss Net shares to Zaika Limited, a company owned by myself and Nigel Weller representing 29.9% of the then issued share capital of the Company.

The directors are seeking a new business activity for your company so as to provide it with a new future.

VOSS NET PLC

CHAIRMAN'S STATEMENT

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

Trading and results

Since the EGM the company has incurred no substantial expenditure apart from professional and regulatory fees. The Directors continue to take no salary or reclaim expenses and Zaika Limited continues to undertake to support the day to day maintenance of a listing whilst attempting to find a suitable acquisition.

Two of the subsidiaries have been sold for sums approved by the CVA supervisor and the remaining two subsidiaries are in the process of voluntary liquidation. All trading to the date of cessation of operations have been hived up to the parent company to assist in the CVA, along with the net assets and liabilities as agreed with the CVA supervisor. Therefore all subsidiaries were effectively made dormant as at 31 December 2003.

It is the Board's intention that an Annual General Meeting will be held before the anniversary of the 2003 Annual General meeting which took place on 24 November 2003 and that the Directors undertake to inform shareholders of any progress they might make in the interim period.

Leo Knifton

Leo Knifton

Chairman

4 October 2004

VOSS NET PLC

REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30 JUNE 2004

The directors present their report with the financial statements of the company and the group for the period ended 30 June 2004.

PRINCIPAL ACTIVITIES
The principal activities of the group in the period under review were those of the provision of adult further educational training and IT services, including the supply of software systems for the freight forwarding industry. These activities were discontinued prior to the Creditors Voluntary Liquidation and the company now operates as a cash shell.

REVIEW OF BUSINESS
The results for the year and financial position of the company and the group are as show in the annexed financial statements.

DIVIDENDS
The directors are unable to recommend the payment of a dividend for the year.

DIRECTORS

The following directors have held office since 31 December 2002:

B J O'Connell (resigned 12 December 2003)
J A Gilbert (resigned 12 February 2004)
T C Hellman (appointed 12 February 2004)
L E V Knifton (appointed 24 November 2003)
W N V Weller (appointed 24 November 2003)

DIRECTORS' INTERESTS

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 0.01p each	
	30 June 2004	31 December 2003
T C Hellman	1,000,000	-
* L E V Knifton	-	-
* W N V Weller	-	-

*Zaika Limited is a company owned by L E V Knifton and W N V Weller and holds 48,748,000 shares.

GROUPS POLICY ON PAYMENT OF CREDITORS
The Company's policy is to agree the terms and conditions with its suppliers.

Payments are then made on the basis of the agreement, provided the suppliers conform with the terms and conditions stipulated and that funds permit.

VOSS NET PLC

REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30 JUNE 2004

DIRECTORS SHARE OPTIONS

There are no outstanding options

Directors Warrants

Under an instrument dated 27 January 2004, LEV Knifton and WNV Weller have both been granted warrants to subscribe for 10,000,000 Ordinary shares of 0.01p in the company at an exercise price of 0.25p until 29 January 2007

Substantial Shareholdings

*Zaika Limited	48,748,000
Mellon Nominees (UK) Limited	13,340,000
Voss Net Nominees Limited	12,608,640
Halewood Nominees	9,000,0000
WB Nominees Limited	5,731,300

*Zaika Limited is a company wholly owned by Messrs Knifton and Weller

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give at rue and fair view of the state of affairs of the company and the group 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VOSS NET PLC

REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 30 JUNE 2004

AUDITORS

On 20 September 2004 Wilkins Kennedy resigned as auditors. Subsequently Jeffreys Henry LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing Jeffreys Henry LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

ON BEHALF OF THE BOARD

....

Date- 4 October 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VOSS NET PLC

We have audited the financial statements of Voss Net Plc for the period ended 30 June 2004 on pages nine to twenty eight. 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 auditor's 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 on page five the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Limitation of scope

However, the evidence available to us was limited because the accounting records of the subsidiaries that had been disposed of during the period were unavailable. There were no other satisfactory audit procedures that we could adopt to confirm that the transactions of the group were properly recorded. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VOSS NET PLC

Opinion: disclaimer on view given by financial statements:

Because of the possible effect of the limitation in evidence available to us we are unable to form an opinion as to whether the financial statements give a true and fair view of the group profit and loss account for the period to 30 June 2004.

In all other respects, in our opinion the financial statements give a true and fair view of the company's and group's state of affairs as at 30 June 2004 and have been properly prepared in accordance with Companies Act 1985.

In respect alone of the limitation on our audit work relating to the profit and loss account:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

Jeffreys Henry LLP
Chartered Accountants

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Date- 4 October 2004

VOSS NET PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

	Notes	18 Months to 30 June 2004 £	Year to 31 December 2002 £
TURNOVER – discontinued activities	2	443,135	1,131,739
Cost of sales – discontinued activities		(114,741)	(277,184)
GROSS PROFIT		328,394	854,555
Net operating expenses:–			
Distribution – discontinued activities		(35,510)	-
Administration – discontinued activities		(400,360)	(842,809)
Administration – continuing activities		(59,208)	(39,472)
OPERATING LOSS	4		
Continuing activities		(59,208)	(39,472)
Discontinued activities		(107,476)	11,746
Goodwill written off			
CVA - Costs		(38,187)	-
- Write back of creditors		58,696	-
Profit/(Loss) on disposal of businesses		10,490	(162,500)
Provision for doubtful debtors		(165,926)	(127,280)
		(301,611)	(317,506)
Interest receivable and similar income		-	367
Interest payable and similar charges	5	(5,524)	(4,199)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(307,135)	(321,338)
Tax on loss on ordinary activities	6	-	18,000
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION		(307,135)	(303,338)

EPS	£	£
Basic loss per share (after exceptional items)	(0.40p)	(0.90p)
Goodwill written off	-	0.48p
Provision for doubtful debtors	-	0.38p
Adjusted loss per share (excluding exceptional items)	(0.40p)	(0.04p)

VOSS NET PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

	Note	18 Months to 30 June 2004 £	31 December 2002Year to £
LOSS FOR THE FINANCIAL PERIOD		(307,135)	(303,338)
TOTAL RECOGNISED LOSSES RELATING TO THE PERIOD		(307,135)	(303,338)
Prior year adjustment	8	-	(35,035)
TOTAL LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		(307,135)	(338,373)

VOSS NET PLC

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2004

	Notes	30 June 2004 £	31 December 2002 £
FIXED ASSETS			
Tangible assets	10	-	5,541
		-	5,541
CURRENT ASSETS			
Debtors	12	9,804	235,635
Cash at bank and in hand		11,395	66,556
		21,199	302,191
CREDITORS			
Amounts falling due within one year	13	(24,251)	(404,846)
NET CURRENT LIABILITIES		(3,052)	(102,655)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,052)	(97,114)
CAPITAL AND RESERVES			
Called up share capital	16	953,907	657,710
Share premium	17	3,908,755	3,803,755
Profit and loss account	17	(4,865,714)	(4,558,579)
SHAREHOLDERS' FUNDS (equity interests)	20	(3,052)	(97,114)

ON BEHALF OF THE BOARD

....

Director

Approved by the Board on 4 October 2004

VOSS NET PLC

COMPANY BALANCE SHEET AS AT
30 JUNE 2004

	Notes	30 June 2004 £	31 December 2002 £
FIXED ASSETS			
Investments	11	-	29,820
CURRENT ASSETS			
Debtors	12	9,804	18,421
Cash at bank and in hand		11,395	25,887
		21,199	44,308
CREDITORS			
Amounts falling due within one year	13	(24,251)	(117,562)
NET CURRENT LIABILITIES		(3,052)	(73,254)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,052)	(43,434)
CAPITAL AND RESERVES			
Called up share capital	16	953,907	657,710
Share premium	17	3,908,755	3,803,755
Profit and loss account	17	(4,865,714)	(4,504,899)
SHAREHOLDERS' FUNDS (equity interests)	20	(3,052)	(43,434)

ON BEHALF OF THE BOARD

....

Director

Approved by the Board on 4 October 2004

VOSS NET PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

	18 months to 30 June 2004		Year to 31 December 2002	
	£	£	£	£
Net cash outflow from operating activities		(113,839)		(303,274)
Returns on investments and servicing of finance				
Interest received	-		367	
Interest paid	(5,524)		(4,199)	
Net cash outflow for returns on Investments and servicing of finance		(5,524)		(3,832)
Taxation		-		18,000
Capital expenditure				
Payments to acquire tangible assets	(2,035)		(10,775)	
Net cash outflow for capital expenditure		(2,035)		(10,775)
Acquisitions and disposals				
Sale of subsidiary undertakings	24,000		-	
Cash at bank disposed with subsidiary	(2,768)		-	
Net cash inflow for acquisitions and disposals		21,232		-
Net cash outflow before management of liquid Resources and financing		(100,166)		(299,881)
Financing				
Issue of ordinary share capital	111,025		259,750	
Expenses of issue of share capital	-		(28,326)	
Loan from factors	-		66,003	
Repayment of loan from factors	(66,003)		-	
Net cash inflow from financing		45,022		297,427
Decrease in cash in the period		(55,144)		(2,454)

VOSS NET PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Period ended 30 June 2004

	2004 £	2002 £
Operating loss	(166,684)	(27,726)
Depreciation charges	1,781	33,008
Exceptional item	(204,113)	(127,280)
Decrease/(Increase) in debtors	267,377	(119,967)
(Decrease)/Increase in creditors	(12,200)	(61,309)
Net cash outflow from operating activities	(113,839)	(303,274)
Net cash outflow from continuing operating activities	(59,208)	(303,274)
Net cash outflow from discontinued operating activities	(54,631)	-
Net cash outflow from operating activities	(113,839)	(303,274)

2. ANALYSIS OF NET FUNDS

	At 31.12.02 £	Cash flow £	At 30.06.04 £
Net cash:			
Cash at bank and in hand	66,556	(55,161)	11,395
Bank overdraft	(17)	17	-
	66,539	(55,144)	11,395
Debt:			
Debts falling due within one year	(66,003)	66,003	-
Total	536	10,859	11,395

3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004 £	2002 £
Decrease in cash in period	(55,144)	(2,454)
Cash inflow/outflow from debt financing	66,003	(66,003)
Movement in net fund in the period	10,859	(68,457)
Opening net funds	536	68,993
Closing net funds	11,395	536

4. The cash flow for the subsidiaries disposed is noted on page 21.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

1. ACCOUNTING POLCIES

Accounting convention
The financial statements have been prepared under the historical cost convention.

At the end of May 2003 the group's main operating subsidiary was forced to cease trading because non-payment by the group's main debtor and entered into voluntary arrangements on 10 October 2003 which were completed on 30 December 2003.

In preparing the financial statements, the going concern basis has been applied as the Creditors' Voluntary Arrangement has been completed and additional funding provided.

Basis of consolidation
The group accounts consolidate the accounts of the company and its subsidiary undertakings from the date of acquisition and are made up to 30 June. In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the company has not been presented.

Turnover
Turnover represents sales invoiced to customers adjusted for deferred income in respect of revenue invoiced in advance and accrued income in respect of revenue in arrears including customer income retentions.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- straight line over period of the lease
Software	- 20% on cost
Plant and machinery	- 20% on cost
Fixtures and fittings	- 15% on cost
Computer equipment	- 20% on cost

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit and loss account as incurred.

Deferred Taxation
The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2. TURNOVER

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. STAFF COSTS

	2004 £	2002 £
Wages and salaries	227,632	475,064
Social security costs	24,126	48,591
	251,758	523,655

The average monthly number of employees during the year was as follows:

	2004 £	2002 £
Directors and other employees	10	20

4. OPERATING LOSS

The operating loss is stated after charging

	18 Months to 30 June 2004 £	Year to 31 December 2002 £
Hire of plant and machinery	14,183	23,865
Other operating leases	39,867	39,750
Depreciation – owned assets	1,781	33,008
Auditors remuneration	4,000	14,300
Auditors' remuneration for non audit work	-	17,488
Directors' emoluments	63,750	147,364

In previous years goodwill arising on acquisitions has been eliminated against reserves. The information to disclose this goodwill on the disposal of the subsidiaries is not available.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	18 Months to 30 June 2004 £	Year to 31 December 2002 £
Loan interest – factors	4,897	4,199
Bank interest	627	-
	5,524	4,199

6. TAXATION

Analysis of the tax credit
The tax credit on the loss on ordinary activities for the year was as follows:

	18 Months to 30 June 2004 £	Year to 31 December 2002 £
Current tax:		
UK Corporation tax	-	(18,000)
Tax on loss on ordinary activities	-	(18,000)
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(307,135)	(321,338)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2002:30%)	(92,140)	(96,401)
Effects of:		
Depreciation add back	534	9,902
Capital allowances	-	(6,809)
Effect of tax losses	94,752	86,499
Chargeable disposals	(3,146)	-
Other tax adjustments	-	(11,191)
	92,140	78,401
Current tax charge/(credit)	-	(18,000)

The above tax credits in 2002 were in respect of payments received from the Inland Revenue relating to tax relief claimed on development expenditure incurred in the years ended 31 December 2000 and 31 December 2001.

There are tax losses of approximately £Nil available to carry forward against future trading profits of the group (2002 - £3,161,000).

In addition, there are capital losses of approximately £1,359,298 available to offset against future capital gains of the company (2002 - £399,000).

7. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period was £360,815 (2002 – loss of £335,375).

8. PRIOR YEAR ADJUSTMENT

An adjustment of £35,035 was made last year in respect of irrecoverable VAT input tax incurred in the year ended 31 December 2001.

9. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss for the financial year by the weighted average number of ordinary shares in issue during the financial year of 76,928,573 (2002 - 33,758,030) and detailed:-

	18 Months to 30 June 2004 £	Year to 31 December 2002 £
Basic loss per share (after exceptional items)	(0.40p)	(0.90p)
Goodwill written off	-	0.48p
Provision for doubtful debtors	-	0.38p
Adjusted loss per share (excluding exceptional items)	(0.40p)	(0.04p)

10. TANGIBLE FIXED ASSETS

Group

	Plant and Machinery £	Computer Equipment £	Fixtures & Fittings £	Software £	Total £
COST:					
At 31 December 2002	50,681	28,009	10,527	16,037	105,254
Additions	-	2,035	-	-	2,035
Disposals	(50,681)	(20,869)	(10,527)	(16,037)	(98,114)
Disposal of subsidiary	-	(9,175)	-	-	(9,175)
At 30 June 2004	-	-	-	-	-
DEPRECIATION:					
At 31 December 2002	50,681	22,468	10,527	16,037	99,713
Charge for the year	-	1,781	-	-	1,781
Elimination on disposals	(50,681)	(20,869)	(10,527)	(16,037)	(98,114)
Disposal of subsidiary	-	(3,380)	-	-	(3,380)
At 30 June 2004	-	-	-	-	-
NET BOOK VALUE:					
At 30 June 2004	-	-	-	-	-
At 31 December 2002	-	5,541	-	-	5,541

11. FIXED ASSET INVESTMENTS

	Company 2004 £	2002 £
Shares in group undertakings	-	21,000
Loans to group undertakings	-	8,820
	-	29,820

Additional information is as follows:

	Shares in Group Undertakings £
COST:	
At 31 December 2002	971,298
Disposals	(892,300)
At 30 June 2004	78,998
PROVISIONS:	
At 31 December 2002	950,298
Disposals	(871,300)
At 30 June 2004	78,998
NET BOOK VALUE:	
At 30 June 2004	-
At 31 December 2002	21,000

	Loans to Group undertakings £
At 31 December 2002	8,820
Repayment in year	(8,820)
At 30 June 2004	-

Voss Net Plc has two wholly owned subsidiary undertakings registered in England:-

Voss Net Training Limited: the company commenced trading on 1 January 2003, providing educational services through the Learndirect scheme.

Voss Net (U.K.) Limited: during the period the company provided Internet access and hosting of e-commerce and web site solutions for small and medium size enterprises.

During the period all activity was hived up to Voss Net plc and these companies are now dormant.

11. FIXED ASSET INVESTMENTS - continued

On 30 December 2003, the group completed the sale of Sigma Freight Systems Limited. The disposal is analysed as follows:

	£
Fixed Assets	5,795
Debtors	41,546
Bank	2,768
Creditors	(3,134)
	46,975
Loss on disposal	(25,975)
Satisfied by:	
Cash	21,000

The profit attributable to members of the parent company is £20,052 up to the date of Sigma Freight Systems Limited's disposal.

During the period, Sigma Freight Systems Limited utilised £21,848 of the group's net operating cash flows and utilised £2,035 for capital expenditure.

On 30 December 2003, the group completed the sale of Voss Net Training Limited. The disposal is analysed as follows:

	£
Net Assets	1
Profit on disposal	2,999
Satisfied by:	
Cash	3,000

The profit attributable to members of the parent company includes losses of £51,804 incurred by Voss Net Training Limited up to it's date of disposal.

During the period, Voss Net Training Limited contributed £31,193 to the group's net operating cash flows and utilised £66,003 for financing.

12. DEBTORS

	Group		Company	
	2004	2002	2004	2002
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	-	131,609	-	-
VAT	9,510	-	9,510	7,396
Other debtors	294	7,413	294	7,413
Accrued income	-	77,214	-	3,612
Prepayments	-	19,399	-	-
	9,804	235,635	9,804	18,421

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2002	2004	2002
	£	£	£	£
Bank loans and overdrafts	-	17	-	-
Other loans	-	66,003	-	-
Trade creditors	1,791	116,055	1,791	38,256
Other taxes and social security	-	33,679	-	-
VAT	-	33,629	-	-
Deferred income	-	32,266	-	-
Accruals	22,460	123,197	22,460	79,306
	24,251	404,846	24,251	117,562

14. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2004	2002
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	17
Loan – factors – secured on trade debtors	-	66,003
	-	66,020

VOSS NET PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2004

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

The following payments are committed to be paid within one year:

Group

	Operating leases Other	
	2004	2002
	£	£
Expiring:		
Within one year	-	1,444
Between one and five years	-	7,357
	-	8,801

16. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal Value	2004 £	2002 £
13,808,650,000	Ordinary	0.01p	1,308,865	650,000
7,959,196	Deferred	4p	318,368	318,368
625,389	Deferred	99p	619,135	-
			2,246,368	968,368

Allotted, issued and fully paid

Number:	Class:	Nominal Value	2004 £	2002 £
164,036,898	Ordinary	0.01p	16,404	339,342
7,959,196	Deferred	4p	318,368	318,368
625,389	Deferred	99p	619,135	-
			953,907	657,710

The following shares were allotted and fully paid for cash at par during the year:

On 24 November 2003, resolutions were passed to reconstruct the issued share capital of the Company which is divided into Ordinary Shares (and not for the avoidance of doubt the authorised share capital which is divided into deferred ordinary shares of £0.04 each) being £339,581.96 presently divided into 33,958,196 Ordinary Shares of £0.01 (one penny) each as follows:-

(i) Firstly the 33,958,196 Ordinary Shares of £0.01 (one penny) each shall be consolidated into 339,581 Ordinary Shares of £1 each with identical rights to vote at general meetings of the Company, to be paid a dividend and to share in the proceeds of a winding up of the Company as previously attached to the Ordinary Shares of £0.01 (one penny);

(ii) Secondly the newly consolidated 339,581 Ordinary Shares of £1 each shall be subdivided into:

- 339,581 Ordinary Shares of £0.01 (one penny) each carrying the same rights to vote at general meetings of the Company, to be paid a dividend and to share in the proceeds of a winding up of the Company; and

- 339,581 Deferred Shares of £0.99 (ninety nine pence) carrying no rights to vote at general meetings of the Company or to be paid a dividend but carrying the right to share in the proceeds of a winding up of the Company pari passu and pro rata with all other shareholders.

It was confirmed that the authorised but unissued share capital of £650,000 currently divided into Ordinary Shares of one penny (£0.01) each shall be increased by £1,350,000 to £2,000,000 divided into 200,000,000 Ordinary Shares of £0.01 (one penny) each, each having identical rights to those attaching to the Ordinary Shares of one penny (£0.01) created pursuant to Resolution 8 (i). For the avoidance of doubt this shall be in addition to the authorised share capital of £318,367,784 divided into 7,959,196 deferred ordinary shares of £0.04 each.

16. CALLED UP SHARE CAPITAL (continued)

On 30 December 2003 resolutions were passed for reconstruct the share capital as follows:

(i) All of the issued 339,581 Ordinary Shares of £0.01 (one penny) each; and

(ii) Any further Ordinary Shares of £0.01 (one penny) each issued by the Company pursuant to the Company Voluntary Arrangement referred to in Resolution 5 below; and

(iii) Any Ordinary Shares of £0.01 (one penny) issued pursuant to the exercise of any warrants or options granted by the Company and exercised prior to 21 December 2003;

(iv) Any other Ordinary Shares of £0.01 (one penny) issued by the company for any other reason whatsoever

be divided into Ordinary Shares of £0.0001 (one hundredth of a penny) each carrying the same rights to vote at general meetings of the Company, to be paid a dividend and to share in the proceeds of a winding up of the Company as was previously attached to the Ordinary Shares of £0.01 (one penny) each referred to in sub-paragraph (i) above.

All the authorised but unissued Ordinary Shares of £0.01 (one penny) each be divided into Ordinary Shares of £0.0001 (One hundredth of a penny) each carrying identical rights when issued to the existing issued Ordinary Shares of £0.0001 (one hundredth of a penny) referred to in Resolution 3 above. The Memorandum and Articles of Association are hereby amended, as per the attached amendments to Article 3 and Memorandum 6, by these Resolutions 3 and 4.

Any Ordinary Shares of £0.01 (one penny) issued by the Company prior to the date of this Resolution pursuant either.

(i) to the Company Voluntary Arrangement approved by shareholders on 24 November 2003; or
(ii) pursuant to the exercise of any warrants or options granted by the Company; or

(iii) for any other reason whatsoever

shall first be consolidated into Ordinary Shares of £1.00 (one pound) and then subdivided into Ordinary Shares of £0.01 (one penny) and Deferred Ordinary Shares of £0.99 (ninety nine pence) on the same basis as set out in Resolution No 5 passed at the Annual General Meeting of the Company held on 24 November 2003.

On 1 January 2003, 24,000 Ordinary Shares of 1p were issued at par.

On 30 December 2003, 27,415,670 shares of 1p were issued at par to satisfy creditors under the CVA, 165,000 on exercise of warrants and 1,000,000 in settlement of fees.

Between 31 December 2003 and 1 March 2004 43,750,000 shares of 0.01p were issued for cash at 0.25p each.

On 31 December 2003, 8,000,000 shares of 0.01p for issued at par in satisfaction of fees and 48,748,032 shares of 0.01p were issued to Zaika Limited, a company controlled by Messrs Knifton and Weber in satisfaction of liabilities for fund raising and movement of CVA.

On 20 April 2004, 1,000,000 Ordinary Shares were issued at par in satisfaction of services provided by Bernard O'Connell.

17. RESERVES

Group

	Profit and Loss Account £	Share Premium £	Totals £
At 1 January 2004	(4,558,579)	3,803,755	(754,824)
Deficit for the year	(307,135)	-	(307,135)
On share allotment in the year	-	105,000	105,000
At 30 June 2004	(4,865,714)	3,908,755	(956,959)

Company

	Profit and Loss Account £	Share Premium £	Totals £
At 1 January 2003	(4,504,899)	3,803,755	(701,144)
Deficit for the year	(360,815)	105,000	(255,815)
At 30 June 2004	(4,865,714)	3,908,755	(956,959)

18. CAPITAL COMMITMENTS

No group company had any capital commitments (contracted or not contracted) at 30 June 2004.

19. RELATED PARTY DISCLOSURES

Directors' interests in shares are disclosed in the respect of the directors. The company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 not to disclose details of transactions with related parties in respect of group companies.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Group

	2004 £	2002 £
Loss for the financial year	(307,135)	(303,338)
Issue of shares	401,197	259,750
Expenses of issues of shares	-	(28,326)
Net increase/(reduction) of shareholders' funds	94,062	(71,914)
Opening shareholders' funds	(97,114)	(25,200)
Closing shareholders' funds	(3,052)	(97,114)

Company

	2004 £	2002 £
Loss for the financial year	(360,815)	(335,375)
Issue of shares	401,197	259,750
Expenses of issues of shares	-	(28,326)
Net increase/(reduction) of shareholders' funds	40,382	(103,951)
Opening shareholders' funds	(43,434)	60,517
Closing shareholders' funds	(3,052)	(43,434)

21. INTERESTS AND CURRENCY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The group has taken advantage of the exemption available under FRS 13 not to provide numerical disclosures in relation to short-term debtors and creditors.

The group's financial instruments comprise cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to manage the finances of the group's operations.

The group does not enter into any derivative transactions and the group's policy is that no trading in financial instruments will be undertaken.

The main risk arising from the group's financial instruments is liquidity risk. The directors consider that risk on regular basis and the approach towards the risk remained unchanged during the year. The group's objective is to maintain a flexible source of funding on a cost-effective basis. This is currently provided through cash.

The group does not have an overdraft facility and, accordingly, there is no interest rate risk.

The group's financial assets, consisting of cash at bank and in hand, amounted to £11,395 at 30 June 2004 (2002 - £66,556).

The group had no financial liabilities, relating to hire purchase and finance leases, at 30 June 2004 (2002 - £nil)

22. CONTROL

There is no controlling party.

23. TRANSACTIONS WITH DIRECTORS

Under an instrument dated 27 January 2004, LEV Knifton and WNV Weller have both been granted warrants to subscribe for 10,000,000 Ordinary shares of 0.01p in the company at an exercise price of 0.25p until 29 January 2007.