

Registered Number. 2918391

VOSS NET PLC (The Company)
FINANCIAL YEAR ENDED 30 JUNE 2005



JEFFREYS HENRY LLP
Chartered Accountants

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

VOSS NET PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

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VOSS NET PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS:	G Nealon WNV Weller DE Chambers
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 66 High Street Maidenhead Berks SK6 1QA
NOMAD	Williams de Broe Plc 6 Broadgate London EC2M 2RP

VOSS NET PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2005

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

Operating results

The company made a loss of £90,000 during the year, on recurring routine expenditure. No dividend is proposed.

Development

During the year, the company raised additional funds totalling £250,000 by way of a share placing. At the balance sheet date the company had clear funds in excess of £150,000 and the Directors consider that the company has adequate resources to fund its activities and also to continue the search for a suitable investment to enhance shareholder value.

Acquisitions

The board is endeavouring to acquire assets and is constantly reviewing projects on behalf of the company. There has, during the year, been premature press speculation, leading to a temporary suspension of the company's Stock Exchange quotation. Your directors will inform shareholders as soon as a suitable investment is identified.



G Nealon

Chairman

..... 2005

VOSS NET PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2005

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The company operates as a cash shell.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown 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 30 June 2004:

T C Hellman (resigned 8 December 2004)
L E V Knifton (resigned 8 December 2004)
W N V Weller
G Nealon (appointed 8 December 2004)
D E Chambers (appointed 8 December 2004)

DIRECTORS' INTERESTS

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

	Ordinary shares of 0.01p each	
	30 June 2005	30 June 2004
W N V Weller	-	-
G Nealon	-	-
D E Chambers *	5,731,300	-

* Through WB Nominees Limited.

DIRECTORS SHARE OPTIONS

There are no outstanding options

VOSS NET PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2005

Directors' Warrants

Under an instrument dated 27 January 2004, W N V Weller has been granted a warrant 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

Hereford Group Limited	48,748,032	24.5%
Mellon Nominees (UK) Limited	19,350,000	9.7%
WB Nominees Limited	11,357,672	5.7%
LEV Knifton	5,965,000	3.0%
Pershing Keen Nominees Ltd	6,954,000	3.5%
Stock Lending Collateral	13,333,334	6.7%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

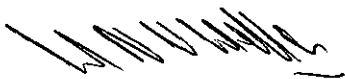
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing Jeffrey's Henry LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

ON BEHALF OF THE BOARD



W N V Weller
Director

..... 21.10. 2005

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

We have audited the financial statements of Voss Net Plc for the year ended 30 June 2005 set out on pages 7 to 17. 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 4, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with 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.

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**

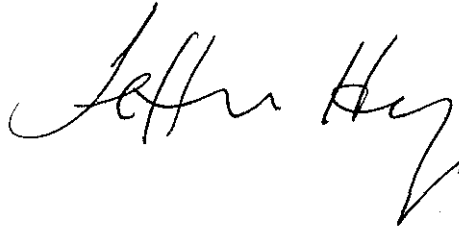
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Opinion

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 2005 and the loss for the year the ended and have been properly prepared in accordance with Companies Act 1985.

Jeffreys Henry LLP
Chartered Accountants

Finsgate
5-7 Cranwood Street
London
EC1V 9EE



.....21.10.....2005

VOSS NET PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	Year to 30 June 2005 £'000	18 Months to 30 June 2004 £'000
TURNOVER – discontinued activities		-	443
Cost of sales – discontinued activities		-	(115)
GROSS PROFIT		-	328
Net operating expenses:-			
Distribution – discontinued activities		-	(36)
Administration – discontinued activities		-	(400)
Administration – continuing activities		(90)	(59)
OPERATING LOSS	3		
Continuing activities		(90)	(59)
Discontinued activities		-	(108)
CVA - Costs		-	(38)
- Write back of creditors		-	59
Profit on disposal of businesses		-	10
Provision for doubtful debtors		-	(166)
Interest payable and similar charges	4	(90)	(302)
		-	(5)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(90)	(307)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION	11	(90)	(307)
LOSS PER SHARE	6		
Basic loss per share:			
After exceptional items		(0.05p)	(0.40p)
Before exceptional items		(0.05p)	(0.22p)
Fully diluted loss per share:			
After exceptional items		(0.05p)	(0.37p)
Before exceptional items		(0.05p)	(0.21p)

There were no other recognised gains or losses in the period

VOSS NET PLC

**CONSOLIDATED BALANCE SHEET AS AT
30 JUNE 2005**

	Notes	2005 £'000	2004 £'000
CURRENT ASSETS			
Debtors	8	6	10
Cash at bank and in hand		172	11
		<u>178</u>	<u>21</u>
CREDITORS			
Amounts falling due within one year	9	(21)	(24)
		<u>157</u>	<u>(3)</u>
NET CURRENT ASSETS/(LIABILITIES)			
		<u>157</u>	<u>(3)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u><u>157</u></u>	<u><u>(3)</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	957	954
Share premium	11	4,156	3,909
Profit and loss account	11	(4,956)	(4,866)
		<u>157</u>	<u>(3)</u>
SHAREHOLDERS' FUNDS (equity interests)			
	12	<u><u>157</u></u>	<u><u>(3)</u></u>

ON BEHALF OF THE BOARD



W N V Weller

Director

Approved by the Board on 21. 10 2005

VOSS NET PLC

**COMPANY BALANCE SHEET AS AT
30 JUNE 2005**

	Notes	2005 £	2004 £
CURRENT ASSETS			
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	12	<u>157</u>	<u>(3)</u>

ON BEHALF OF THE BOARD



W N V Weller

Director

Approved by the Board on 21.10 2005

VOSS NET PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	£'000	Year to 30 June 2005		18 months to
			£'000	£'000	30 June 2004 £'000
Net cash outflow from operating activities	A		(89)		(114)
Returns on investments and servicing of finance					
Interest paid		-		(5)	
Net cash outflow for returns on Investments and servicing of finance				-	(5)
Taxation				-	-
Capital expenditure					
Payments to acquire tangible assets		-		(2)	
Net cash outflow for capital expenditure				-	(2)
Acquisitions and disposals					
Sale of subsidiary undertakings		-		24	
Cash at bank disposed with subsidiary		-		(3)	
Net cash inflow for acquisitions and disposals				-	21
Net cash outflow before management of liquid resources and financing			(89)		(100)
Financing					
Issue of ordinary share capital		250		111	
Repayment of loan from factors		-		(66)	
Net cash inflow from financing			250		45
Increase/(Decrease) in cash in the period	B		161		(55)

VOSS NET PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

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

	2005 £'000	18 months to 30 June 2004 £'000
Operating loss	(90)	(167)
Depreciation charges	-	2
Exceptional item	-	(204)
Decrease/(Increase) in debtors	4	267
(Decrease)/Increase in creditors	(3)	(12)
	<hr/>	<hr/>
Net cash outflow from operating activities	(89)	(114)
	<hr/>	<hr/>
Net cash outflow from continuing operating activities	(89)	(59)
Net cash outflow from discontinued operating activities	-	(55)
	<hr/>	<hr/>
Net cash outflow from operating activities	(89)	(114)
	<hr/>	<hr/>

B. ANALYSIS OF NET FUNDS

	At 30.06.04 £'000	Cash flow £'000	At 30.06.05 £'000
Net cash:			
Cash at bank and in hand	11	161	172
	<hr/>	<hr/>	<hr/>

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

	2005 £'000	2004 £'000
Increase/(decrease) in cash in period	161	(55)
Cash inflow/outflow from debt financing	-	66
	<hr/>	<hr/>
Movement in net fund in the period	161	11
Opening net funds	11	-
	<hr/>	<hr/>
Closing net funds	172	11
	<hr/>	<hr/>

VOSS NET PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertakings for the year to 30 June 2005. 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.

Comparatives

Last year's group profit and loss account was qualified due to limitation of evidence available regarding the accounting records of the subsidiaries that had been disposed of during the period.

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

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.

2. STAFF COSTS

	Year to 30 June 2005 £'000	18 Months to 30 June 2004 £'000
Wages and salaries	-	228
Social security costs	-	24
	<hr/>	<hr/>
	-	252
	<hr/> <hr/>	<hr/> <hr/>

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

	2004 No.	2004 No.
Directors and other employees	<u>3</u>	<u>10</u>

3. OPERATING LOSS

The operating loss is stated after charging

	Year to 30 June 2005 £'000	18 Months to 30 June 2004 £'000
Hire of plant and machinery	-	14
Other operating leases	-	40
Depreciation – owned assets	-	2
Auditors remuneration	6	4
Auditors' remuneration for non audit work	-	-
	<u> </u>	<u> </u>
Directors' emoluments	<u>-</u>	<u>64</u>

VOSS NET PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 June 2005 £'000	18 Months to 30 June 2004 £'000
Loan interest – factors	-	5
Bank interest	-	-
	<u>-</u>	<u>5</u>
	<u>-</u>	<u>5</u>

5. TAXATION

	Year to 30 June 2005 £'000	18 Months to 30 June 2004 £'000
Current tax:		
UK Corporation tax	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(90)	(307)
	<u>(90)</u>	<u>(307)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2004:30%)	(27)	(92)
	<u>(27)</u>	<u>(92)</u>
Effects of:		
Effect of tax losses	-	95
Chargeable disposals	-	(3)
C/fwd tax losses	27	-
	<u>27</u>	<u>92</u>
	<u>27</u>	<u>92</u>
Current tax charge/(credit)	-	-
	<u>-</u>	<u>-</u>

There are tax losses of approximately £90,000 available to carry forward against future trading profits of the group (2004 - £Nil)

VOSS NET PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

6. LOSS PER SHARE

The loss per share is based on the following losses and shares in issue:

	Year to 30 June 2005 £'000	18 Months to 30 June 2004 £'000
Losses:		
Basic	90	172
After exceptionals	90	307
Number of shares in issue:	Number	Number
Basic	177,050,597	77,432,329
Fully diluted	197,050,597	83,120,402

7. FIXED ASSET INVESTMENTS

Voss Net Plc has one wholly owned subsidiary undertaking registered in England:-

Voss Net (UK) Limited : This company is now dormant.

8. DEBTORS – GROUP AND COMPANY

	2005 £'000	2004 £'000
Amounts falling due within one year:		
VAT	2	10
Other debtors	1	-
Prepayments	3	-
	<u>6</u>	<u>10</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – GROUP AND COMPANY

	2005 £'000	2004 £'000
Trade creditors	1	2
Accruals	20	22
	<u>21</u>	<u>24</u>

VOSS NET PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

10. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal Value	2005 £'000	2004 £'000
13,808,650,000	Ordinary	0.01p	1,309	1,309
7,959,196	Deferred	4p	319	319
625,389	Deferred	99p	619	619
			<u>2,247</u>	<u>2,247</u>
Allotted, issued and fully paid Number:	Class:	Nominal Value	2005 £	2004 £'000
189,036,898	Ordinary	0.01p	19	16
(2004 – 164,036,898)				
7,959,196	Deferred	4p	319	319
625,389	Deferred	99p	619	619
			<u>957</u>	<u>954</u>

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

On 23 December 2004, 25,000,000 ordinary shares of 0.01p each were placed at 1p. each.

On 8 July 2005 LEV Knifton exercised 10,000,000 warrants at 0.25 pence per share.

11. RESERVES

GROUP AND COMPANY

	Profit and Loss Account £'000	Share Premium £'000	Totals £'000
At 1 July 2004	(4,866)	3,909	(957)
Deficit for the year	(90)	-	(90)
On share placing in the year	-	247	247
At 30 June 2005	<u>(4,956)</u>	<u>4,156</u>	<u>(800)</u>

VOSS NET PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

GROUP AND COMPANY

	2005	2004
	£'000	£'000
Loss for the financial year	(90)	(307)
Issue of shares	250	401
	<hr/>	<hr/>
Net increase of shareholders' funds	160	94
Opening shareholders' funds	(3)	(97)
	<hr/>	<hr/>
Closing shareholders' funds	<u>157</u>	<u>(3)</u>

13. CAPITAL COMMITMENTS

The group company had no capital commitments (contracted or not contracted) at 30 June 2005.

14. RELATED PARTY DISCLOSURES

Directors' interests in shares are disclosed in the Directors' Report.

15. CONTROL

Voss Net Plc's shares are traded on AIM. At the date of the Annual Report, in the Directors' opinion, there is no controlling party.