CONNEXION GROUP LIMITED

REPORT OF THE DIRECTORS AND

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2004



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CONNEXION GROUP LIMITED

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for the Year Ended 31st January 2004

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CONNEXION GROUP LIMITED

COMPANY INFORMATION
for the Year Ended 31st January 2004

DIRECTORS:	D M Pilley R M Pilley J L Pilley
SECRETARY:	D M Pilley
REGISTERED OFFICE:	The Charter House Charter Mews 18 Beehive Lane Ilford Essex IG1 3RD
REGISTERED NUMBER:	4454321 (England and Wales)
ACCOUNTANTS:	Freedman Stuart The Charter House Charter Mews 18 Beehive Lane Ilford Essex IG1 3RD

CONNEXION GROUP LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31st January 2004

The directors present their report with the financial statements of the company for the year ended 31st January 2004.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of a Holding Company.

DIRECTORS
The directors during the year under review were:

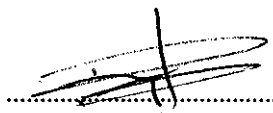
D M Pilley
R M Pilley
J L Pilley

The beneficial interests of the directors holding office on 31st January 2004 in the issued share capital of the company were as follows:

	31.1.04	1.2.03
Ordinary £1 shares		
D M Pilley	1	1
R M Pilley	1	1
J L Pilley	1	1

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



D M Pilley - Director

Date: 30/09/.....2004

CONNEXION GROUP LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31st January 2004

	Notes	Year Ended 31.1.04	Period 5.6.02 to 31.1.03
		£	£
TURNOVER		**5,818**	-
Cost of sales		**1,140**	-
GROSS PROFIT		**4,678**	-
Administrative expenses		**17,124**	679
		(12,446)	(679)
Other operating income		**30,000**	-
OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	**17,554**	(679)
Tax on profit/(loss) on ordinary activities	3	**1,841**	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		**15,713**	(679)
Dividends	4	**12,000**	-
		3,713	(679)
Deficit brought forward		**(679)**	-
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		**£3,034**	£(679)

The notes form part of these financial statements

CONNEXION GROUP LIMITED

BALANCE SHEET
31st January 2004

	Notes	2004 £	2004 £	2003 £	2003 £
FIXED ASSETS:					
Tangible assets	5		**6,541**		885
Investments	6		**200**		-
			6,741		885
CURRENT ASSETS:					
Debtors	7	**46,791**		25,524	
Cash at bank		**4,839**		3,065	
		51,630		28,589	
CREDITORS: Amounts falling due within one year	8	**55,334**		30,150	
NET CURRENT LIABILITIES:			**(3,704)**		(1,561)
TOTAL ASSETS LESS CURRENT LIABILITIES:			**£3,037**		£(676)
CAPITAL AND RESERVES:					
Called up share capital	9		**3**		3
Profit and loss account			**3,034**		(679)
SHAREHOLDERS' FUNDS:			**£3,037**		£(676)

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st January 2004.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st January 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

CONNEXION GROUP LIMITED

BALANCE SHEET
31st January 2004

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

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D M Pilley - Director

.....

J L Pilley - Director

Approved by the Board on 30/09/.....2004

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax.

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

Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 15% on reducing balance

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT/(LOSS)

The operating profit (2003 - operating loss) is stated after charging:

	Year Ended 31.1.04 £	Period 5.6.02 to 31.1.03 £
Depreciation - owned assets	**1,153**	98
Directors' emoluments and other benefits etc	**14,200**	-

3. TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended 31.1.04 £	Period 5.6.02 to 31.1.03 £
Current tax:		
UK corporation tax	**1,841**	-
Tax on profit/(loss) on ordinary activities	**1,841**	-

UK corporation tax has been charged at 19%

4. DIVIDENDS

	Year Ended 31.1.04	Period 5.6.02 to 31.1.03
	£	£
Interim - ordinary shares	12,000	-

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Computer equipment	Totals
	£	£	£
COST:			
At 1st February 2003	983	-	983
Additions	-	6,809	6,809
At 31st January 2004	983	6,809	7,792
DEPRECIATION:			
At 1st February 2003	98	-	98
Charge for year	132	1,021	1,153
At 31st January 2004	230	1,021	1,251
NET BOOK VALUE:			
At 31st January 2004	753	5,788	6,541
At 31st January 2003	885	-	885

6. FIXED ASSET INVESTMENTS

	£
COST:	
Additions	200
At 31st January 2004	200
NET BOOK VALUE:	
At 31st January 2004	200

	2004	2003
	£	£
Unlisted investments	200	-

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Dreamstream Computers Limited
Nature of business: Maintenance of office computing machines

Class of shares:	% holding
Ordinary	100.00

6. **FIXED ASSET INVESTMENTS - continued**

Jewel Consultants Limited
Nature of business: Retailing nursery furniture and accessories

Class of shares:	% holding
Ordinary	100.00

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
V.A.T.	-	249
Trade debtors	**10,906**	-
Debtors	**3**	3
Amount owed by related Co.	**35,882**	25,272
	46,791	25,524

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
Directors current accounts	**50,000**	30,000
Other creditors	**200**	-
V.A.T.	**1,705**	-
Social security & other taxes	**1,338**	-
Taxation	**1,841**	-
Accrued expenses	**250**	150
	55,334	30,150

9. **CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	2004 £	2003 £
1,000	Ordinary	£1	**1,000**	1,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004 £	2003 £
3	Ordinary	£1	**3**	3

10. **RELATED PARTY DISCLOSURES**

The following amounts are owed by the group companies - Dreamstream Limited £18,750 and Jewel Consultants Limited £17,132. Management fees were charged by Connexion Group Limited to Dreamstream Limited £18,000, Jewel Consultants Limimted £9,000 and Connexion Services Limited £3000.

11. DIRECTORS' CURRENT ACCOUNT

The balance on Directors' Current Account of £50,000 is split equally between the three directors.