GILDER ENTERPRISES INC
Form 10KSB
August 19, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

(Mark One)

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **May 31, 2005**

¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [ ] to [ ]

Commission file number **0-51038**

GILDER ENTERPRISES, INC.

(Name of small business issuer in its charter)

Nevada	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3639 Garibaldi Drive	
North Vancouver, British Columbia, Canada	**V7H 2W2**
(Address of principal executive offices)	(Zip Code)

Issuer s telephone number **(604) 924-8180**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
Nil	**Nil**

Securities registered under Section 12(g) of the Exchange Act:

Common Shares, par value $0.001 per share
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ¨

State issuer s revenues for its most recent fiscal year. **$11,501**

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.) **$916,615 as at August 11, 2005 based on the last private placement sale price per share of the Company s common stock.**

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date: **7,885,000 shares of common stock as of August 15, 2005**

Transitional Small Business Disclosure Format (Check one): Yes ¨ No x

PART I

Item 1. Description of Business.

This Annual Report contains forward-looking statements within the meanings of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential" or "continue", the negative of such terms, and other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled Risk Factors , that may cause our or our industry s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, the disclosure provided in the other reports we file with the SEC. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any forward-looking statements to conform them to actual results.

Our statements are stated in United States dollars (US $) and are prepared in accordance with United States Generally Accepted Accounting Principles (GAAP).

In this Annual Report, unless otherwise specified, all dollar amounts are expressed in United States Dollars. All references to CDN$ refer to Canadian dollars and all references to common shares refer to the common shares in our capital stock.

As used in this annual report, the terms we , us and our , mean Gilder Enterprises, Inc.

Business Development Since Inception

We are a development stage company. Gilder Enterprises, Inc. was incorporated on April 25, 2002, under the laws of the State of Nevada. The Company was originally established to pursue mineral exploration and development business opportunities. In June 2002, the Company entered into an option agreement to acquire a mineral property in the Northwest Territories in Canada. In January 2003, after disappointing fieldwork results on both our optioned property and on a number of other prospects, we terminated the option agreement and abandoned our mineral exploration and development activities.

In May 2003, we entered into an agreement with a Singapore company whereby we and the Singapore company agreed to pursue North American joint venture opportunities to provide high-speed Internet access services in hotel and other commercial properties. Pursuant to the agreement, we established a 51%-owned operating subsidiary, Nex Connectivity Solutions Inc. (Nex Connectivity) in 2003, which is 49%-owned by our joint venture partner, 5G Wireless Communications Pte. Ltd., a Singapore company (5G Wireless).

Nex Connectivity, our operating subsidiary, is a Canadian federal corporation and was incorporated on March 25, 2003 under the Canada Business Corporations Act. It was established to carry out the marketing and delivery of our services within Canada, including the design, installation, and operation of specialized computer networks providing high-speed Internet access to hotel guests and other users (Internet access networks).

We hold our 51% interest in Nex Connectivity through a wholly-owned subsidiary, Gilder Tech Ventures Inc. (Gilder Tech Ventures), which is a Canadian federal corporation incorporated on March 26, 2003. Gilder Tech Ventures was incorporated for tax and corporate purposes, with the sole purpose of owning our Canadian business interest in Nex Connectivity. Gilder Tech Ventures has no business operations, other than its ownership of our 51% interest in Nex Connectivity. We own all of the outstanding shares of Gilder Tech Ventures.

In early 2004, Nex Connectivity secured its initial Internet access services contract, with a five-year term, involving the design, supply, installation, commissioning, and ongoing operation of a high-speed Internet access network installed at the Empire Landmark Hotel, a hotel property located in Vancouver, Canada. The Empire Landmark Hotel is owned and operated by Asia Standard Hotel (Holdings) Limited, based in Hong Kong. The commissioning of this initial Internet access network was completed in May 2004, which was when revenue-generating operations for the Company commenced. Our basic business model, initially targeting the needs of business travelers in hotel properties, is to earn revenues from Internet access fees paid by the users of our Internet access networks, which we plan to build, own and operate under long-term contracts with the property owner. The Empire Landmark contract provides that we will share the revenues with the hotel, based upon negotiated revenue sharing arrangements. For the fiscal year ended May 31, 2005, our revenues from Internet access services were $11,501.

Nex Connectivity plans to use this initial contract to further develop its Internet access services business in Vancouver, Canada area and elsewhere. If Nex Connectivity is successful in securing additional Internet access services contracts in the hotel market niche in Vancouver area, then our business plan is to expand the business into new market niches in Vancouver, such as convention centers and other commercial properties, and then to expand geographically into new markets across Canada and the United States.

There is no assurance that revenues from the initial contract will be sufficient to expand our business as planned or at all. Also, our present cash reserves and working capital are not sufficient to enable us to maintain our plan of operations without additional financing, of which there is no assurance (see Plan of Operations and Cash Requirements).

Our consolidated financial statements included with this Annual Report have been prepared assuming we will continue as a going concern. Our independent auditors have made reference to the substantial doubt about our ability to continue as a going concern in their report on our audited financial statements for the year ended May 31, 2005. As discussed in the notes to our audited financial statements, we have only recently commenced revenue-generating operations and have accumulated operating losses of $169,199 from our inception to May 31, 2005. Our ability to continue operations is dependent upon our achieving a profitable level of operations as well as obtaining further long-term financing. These factors raise substantial doubt that we will be able to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our Joint Venture

We entered into a joint venture agreement with 5G Wireless on May 25, 2003. The execution of the joint venture agreement was subsequent to the execution of a letter of intent between us and 5G Wireless on March 7, 2003. Nex Connectivity was incorporated, subsequent to the execution of the letter of intent, on March 25, 2003. Our joint venture agreement provides for the formation of corporations to carry out the joint venture business of providing high-speed Internet access services in hotels and other commercial properties. Nex Connectivity is the initial joint venture corporation established under our joint venture agreement.

(a) Shareholders Agreement

Our ownership interest in Nex Connectivity is governed by a shareholders agreement with 5G Wireless. Under the terms of this shareholders agreement there are two directors of Nex Connectivity, one each to be nominated by us and 5G Wireless. Our director nominee is Mr. Joseph Bowes, who is our president. 5G Wireless s nominee is Mr. Jun Nam (Johnny) Lee. Mr. Lee is not an officer, director, or employee, nor is he a shareholder, of 5G Wireless. Under the shareholders agreement, fundamental business decisions require our prior written approval. In addition, we are entitled to a tie-breaking vote on matters where there is no unanimous agreement among the directors on all matters of governance to be approved by the directors of Nex Connectivity. We and 5G Wireless have each granted to each other a right of first refusal to purchase the other s interest in Nex Connectivity. These rights of first refusal require that, prior to completing any sale of our interests in Nex Connectivity to a third party, we each offer to the other our interests and give the other the opportunity to purchase our interests.

(b) Shareholder Commitments

Pursuant to the shareholders agreement, we have agreed to advance up to $40,000 to Nex Connectivity as a loan on a non-interest bearing basis in order to fund its start-up operations and its initial Internet access network installation. To May 31, 2005, we had advanced $21,000 (May 31, 2004 - $25,500) to Nex Connectivity as a loan pursuant to the shareholders agreement. We have not advanced any further funds to Nex Connectivity since May 31, 2005. During our fiscal year ended May 31, 2005, Nex Connectivity repaid $4,500 of the outstanding amount to us with the consent of 5G Wireless. In accordance with GAAP, these advances are eliminated from our consolidated financial statements. 5G Wireless and Michael Tan, the principal of 5G Wireless, have each provided a guarantee of repayment, with accompanying security, of our loan to Nex Connectivity.

Also pursuant to the shareholders agreement, 5G Wireless agreed to sell to Nex Connectivity: (i) certain network hardware and software valued at $10,000, which amount is repayable in the future as a loan on a non-interest bearing basis; (ii) the services of two mutually agreed staff to provide operations and technical support expertise; and (iii) a license of certain software developed by 5G Wireless for the management of Internet access networks. The network hardware and software to be provided by 5G Wireless was received in July 2003, and consisted of one Lucent network router, five Lucent network access points, twelve wireless cards and the proprietary radius authentication software.

Also under the terms of our shareholders agreement, it is agreed that the financial contributions from shareholders will be kept as low as possible. The shareholders agreement provides that, to the extent that Nex Connectivity requires financing for its business operations but is unable to obtain said financing from banks or institutional lenders, then Nex Connectivity may make a formal request of us and 5G Wireless for a loan. Any request for such a loan must be made by a majority of the board of directors of Nex Connectivity. Accordingly, no demand for a loan can be made without our prior consent. Such request for a loan will be made to each of us and 5G Wireless, on a pro rata basis in proportion to our respective shareholdings. We will be obligated to advance the money required from us within 30 days of receipt of the written request for the loan.

Our shareholders agreement further provides that: (i) any loans made by us and 5G Wireless are repayable on a non-interest bearing basis, unless it is a loan made pursuant to a formal request as described above, which specifically provides for loan interest; (ii) as Nex Connectivity will retain and reinvest all net profits earned for the first 24 months after execution of the agreement, in no event would the initial shareholder loans specified above be repaid before May 25, 2005, being the two year anniversary of the date of our shareholders agreement with 5G Wireless; (iii) thereafter, shareholder loans will only be repaid from net profits approved for distribution by the board of directors of Nex Connectivity; (iv) that a shareholder will not demand repayment of their loan while they remain a shareholder of Nex Connectivity, and; (v) if Nex Connectivity repays the loans, in whole or in part, Nex Connectivity shall do so pro rata in proportion to each shareholder s loan balance.

(c) Operations and Technical Support Staff

5G Wireless s commitment to provide Nex Connectivity the services of the two mutually agreed operations and technical support staff is the subject of a separate agreement between us and 5G Wireless dated April 1, 2004. Under this agreement, 5G Wireless is required to provide these services to Nex Connectivity at a stipulated monthly fee of CDN$1,000 per month (equal to approximately $800 per month at recent exchange rates), based upon two standard hotel properties being in operation. This fee is payable by Nex Connectivity as an expense prior to the distribution of any net profits of Nex Connectivity to us and 5G Wireless under the shareholders agreement. The fee of approximately $800 per month is fixed (in terms of Canadian dollars, but may fluctuate when restated in United States dollars, depending upon foreign currency exchange rate changes). This fee is not dependent upon the actual amount of time spent by staff in providing the services.

Standard hotel properties are defined in the agreement to be hotel properties with between 250 and 400 rooms, where our Internet access network services the meeting rooms and the hotel lobby and approximately 20% of the guest rooms. Nex Connectivity is required to pay this fee, of approximately $800 per month, regardless of whether there are one or two standard hotel properties in operation. We have not entered into any agreement with 5G Wireless concerning the fee payable in the event that Nex Connectivity has more than two standard hotel properties in operation. In addition pursuant to the April 1, 2004 agreement, Nex Connectivity will also pay approximately CDN$1,000 per installation (equal to approximately $800 per installation at recent exchange rates) for installation project management services, assuming a standard hotel installation.

5G Wireless is responsible for ensuring that the operations and technical support staff, are available to Nex Connectivity, either on-call or in-person as the circumstances may require, 24 hours a day, 7 days a week. The operations and technical support staff are employees of Nexgen Consulting Inc., a private company affiliated with 5G Wireless and are not employees of either us or Nex Connectivity. Compensation payable to the operations and technical support staff is payable directly by Nexgen Consulting Inc., and it is the sole responsibility of 5G Wireless to ensure the prompt payment of all compensation due.

Industry Background

The Internet access services business is being driven by the convergence of technology developments and users evolving Internet access needs.

(a) Users Evolving Internet Access Needs

Over the past decade, use of the Internet has grown dramatically, with the result that today s traveling public has compelling business and personal needs for frequent Internet access while they are away from both home and office. Such reasons include: (a) sending and receiving e-mails; (b) accessing and searching Internet web sites; (c) accessing corporate networks and files; (d) video-conferencing; (e) competitive intelligence; (f) on-line banking; (g) on-line stock quotes and research, and the stock purchases and sales; and (h) on-line shopping.

The Internet continues to evolve richer and more sophisticated web sites and web-based applications, and incessantly demands ever-larger file and graphics handling needs, most of which now require much higher data transmission rates than can be accommodated efficiently using dial-up Internet access. Accordingly, consumers at home and in the office have readily adopted high-speed, broadband , Internet access services, both to replace their pre-existing dial-up Internet access services and as their initial choice for Internet access service.

Business travelers today typically have high-speed Internet access both at the office and at home, and are now demanding high-speed access when traveling in order to take full advantage of the Internet s capabilities, and to productively use their time during business trips. We believe that this demand for transient high-speed Internet access (i.e. when away from home or office) will only continue to grow. For business travelers, conventional dial-up Internet access is simply too slow and, given its inherent productivity limitations, is in effect too expensive,. As a result of these factors, we believe that numerous business travelers are now basing their hotel selection in part on the ability of the hotel to provide them with high-speed Internet access in their hotel room. Accordingly, we believe that hotel properties must be able to offer business travelers high-speed Internet access or risk losing customers and market share.

(b) Technology Developments and Wi-Fi

Personal computers are continually becoming faster and more powerful. Today s software and web-based applications, many featuring advanced graphics handling, have ever-larger file handling needs and capabilities. There have been impressive technology developments in hardware and software in recent years to permit the handling of these ever-bigger files and programs. These developments extend to telecommunications and specifically Internet access.

Today s mass-market availability of high-speed Internet access services, based on asymmetric digital subscriber line (ADSL) and cable Internet wireline technologies, has readily displaced the previously dominant, but low-speed, Internet access technology based on dial-up telephone wireline Internet access. Due to the limitations on the speed at which data can be transferred over telephone lines, dial-up Internet access at 56 kilobits per second is significantly slower than high-speed Internet access. High-speed ADSL or cable Internet access, at about 1.5 megabits per second, is 25 to 30 times faster than dial-up Internet access. While even higher Internet access speeds are available using other commercial-grade wireline technologies (e.g. T1, etc.), for most business or consumer applications few users can justify the significant commercial-grade expense involved.

A key development in Internet access is that of wireless Internet access technologies, based upon the IEEE 802.11 wireless-fidelity (or Wi-Fi) standards. Previously, all wireline Internet access technologies required external modems and wires or cables that attached directly to the user s computer. While you still need a physical wireline Internet access connection, today s Wi-Fi technologies do away with the actual telephone line or cable connection directly attached to a user s computer. Accordingly, there are significant advantages to being Wi-Fi enabled. Indeed, these advantages have lead to the emergence of a very active Wi-Fi retail aftermarket for desk-top and laptop personal computer applications. Today, a significant portion of business people travel with their laptops, and many of these laptops feature OEM installed Wi-Fi equipment. Nex Connectivity plans to build its business by installing Internet access networks targeting the needs of business travelers. Wi-Fi is one of a number of enabling technologies Nex Connectivity employs to provide its Internet access services. Theoretically, Wi-Fi devices are able to transmit and receive at up to 11 million bits per second, or about 200 times faster than a dial-up modem connection. In practice, actual data transfer throughput rates are in the order of 5.5 to 8.5 Megabits per second, which is still significantly faster than even high-speed ADSL and cable.

Our Business

We are engaged through Nex Connectivity in the business of marketing, designing, supplying, installing and operating Internet access networks. More particularly, computer-based networks that provide multiple access point, high-speed Internet access, serving many concurrent users on the same network at numerous physical locations throughout the hotel and other commercial property where the network is installed. We have only completed the installation of one Internet access network at a Vancouver, British Columbia hotel property, which is the sole Internet access network that we currently operate. Our market opportunity is to serve the growing Internet access needs of transient users, and in particular business travelers, in high-demand locations under long-term contracts with property owners.

We have formulated a business strategy to install high-speed Internet access networks employing wireless and other networking solutions. We plan to target hotel properties, and more specifically the needs of business travelers staying in those properties. We believe our business model will be attractive to property owners because it permits them to minimize their financial and operations risks in providing a very desirable but highly specialized service to their guests. Specifically, the property owner: (i) competes better, by being able to offer guests and other users a high value-added service; (iii) out-sources specialized staffing needs, as related to the specialized technical and operational issues involved in designing, building, owning and operating a high-speed Internet access network; (iii) avoids capital and operating costs, and the risks of technological obsolescence; and (iv) earns an incremental income stream, through revenue sharing. Further, our business model is based on installing specialized Wi-Fi based networks, which are less expensive than conventional wireline ADSL or cable networks.

Our plan of operations contemplates that Nex Connectivity will commit with a property which physical areas will have Internet access coverage. The actual coverage areas will be dependent upon where the network equipment that permits a Wi-Fi network connection, notably the Wi-Fi access points, are installed. The Wi-Fi access points are effectively small radio transceivers. The physical properties of the building, notably the amount and placement of concrete and steel structures used in its construction and fittings, and electrical interference, especially in the 2.4 GHz microwave band range of the radio spectrum, will determine the relative number and positioning of the Wi-Fi access points necessary to provide wireless coverage. All of the Wi-Fi access points are in turn wired into the custom-designed Internet access network that Nex Connectivity will install in the property. The network itself involves both hardware (such as wire cabling, routers, switches, and computer servers) and software (that authenticates users and controls network operations).

After securing a long-term Internet access services contract, the steps involved in establishing an Internet access network system can be summarized as follows:

1. Project management	This involves first determining an overall project plan with clearly defined client commitments and project scope and which details the management processes to control the design, supplier sourcing, installation and commissioning stages.

2. Design	The Internet access network design will take into consideration the physical areas to be serviced, building structure and service equipment locations, access issues, current performance characteristics and physical requirements of OEM network components, including hardware, software, cabling, switches, wireless access points, modems, routers, antenna boosters, etc. Site visits are typically necessary during the design stage to test wireless reception and/or other equipment performance throughout the intended network service area.

3. Supply	The individual components of the network installation are sourced to appropriate suppliers. Supplier lead times will feature heavily in our supplier sourcing considerations. This phase also includes identification of the external, high-speed, leased-line Internet connection supplier who will provide the physical Internet access connection utilized by the Nex Connectivity Internet access network.

4. Install	The physical installation of all the on-site components comprising the network and connection of the network to the external, leased-line, high-speed Internet connection. It is planned that the property will provide at its own cost the relevant power supply outlets and the external, leased-line Internet connection. Installation requires physical access to the entire Internet access network service area (guest rooms, meeting rooms, lobby areas, service areas, etc.). Accordingly, there is significant coordination of effort required with property owner staff during this stage and the ensuing commissioning activities.

5. Commission	Once installation is complete, the network must be commissioned, which includes the following procedures: • Hardware is adjusted so that the actual Internet access coverage areas match what was agreed • Software is installed and made operational for user logon and authentication, and for management of

	concurrent user access, • Staff training is completed covering network capabilities, and the handling of user enquiries and payment processing

The principal factors affecting the overall timing of an installation include the availability of hotel service staff, supplier lead times, and physical access to the intended network service area, including the guest rooms and meeting facilities, at both the design and installation stages. While hotel occupancy can be seasonal, any guest usage of the intended network service area (e.g. guest rooms and meeting facilities) can greatly influence the scheduling required. In the instance of the Empire Landmark Hotel installation, the agreement was executed as of February 1, 2004. Commissioning was completed and the system became fully functional in mid- to late- May 2004, providing an elapsed time of approximately three and one-half months. While it could be done faster, we consider three to four months to be representative of the time-frame for the set-up of an Internet access network at a hotel property, this being the elapsed time from executing the long-term contract to the date that revenue operations commence.

The Empire Landmark installation is Nex Connectivity s first Internet access service contract. We are attempting to secure additional contracts for Nex Connectivity with other hotels within the Vancouver, Canada market area. Our business strategy is to use the success of our initial installations in order to establish Nex Connectivity in the market place, firstly in Vancouver, Canada and then elsewhere, and to use the revenues from our initial installations in order to expand our business and complete additional installations.

While we continue to target and complete our initial Internet access networks, we plan to keep Nex Connectivity s staffing requirements at a minimum. 5G Wireless has provided two key staff members to enable Nex Connectivity to complete and service its initial projects. These individuals are Mr. Dennis Tan, chief technology manager, and Mr. Ralph Anderson, user support manager. The services of Mr. Tan and Mr. Anderson are being provided by 5G Wireless, our joint venture partner, at the expense of Nex Connectivity as detailed above. We believe that Messrs. Tan and Anderson will be able to complete the management and supervision of Nex Connectivity s initial Internet access network installations, which will likely involve the use of some sub-trades, without the requirement to hire additional staff or contract personnel. Where necessary and appropriate to optimize scheduling on an installation, certain of the work involved will be contracted to third parties under the supervision of Messrs. Tan and Anderson. An example of work to be contracted-out would include pulling cable from the ground floor to upper floors in a hotel property installation.

Based upon the long-term service contracts we plan to negotiate with property owners, our plan of operations is to design, supply, install and commission each Internet access network that Nex Connectivity will then own. For each project, Nex Connectivity will provide initial training for property staff and ongoing servicing and technical support. Depending upon the hotel property, we expect that sales revenues will be earned by Nex Connectivity based upon a fixed percentage split of user charges, a fixed monthly amount, or a combination of both. The revenue sharing structure will be formalized in the long-term service agreement, and will be the subject of negotiations between us and the property owner, and will likely vary from project to project.

We anticipate that any revenues that we achieve will be subject to seasonal fluctuations in the hotel travel market in Vancouver, Canada. Business travel drops during the summer months of June, July and August, when Vancouver hotels are largely full of vacationing tourists. Our experience to date indicates that our revenues are weaker in the summer months, when business travel declines as compared to the rest of the year, consistent with the anticipated seasonality in travel patterns. In particular, Internet access revenues from meeting room services are significantly less in summer months. We expect our revenues to be less during the summer months than throughout the balance of the year due to this seasonality in business travel.

Empire Landmark Operations

Under the terms of our five-year contract with the Empire Landmark Hotel which will terminate May 21, 2009, Nex Connectivity agreed to design, supply, install and commission, at our cost, all the hardware and software comprising the network solution necessary to provide high-speed Internet access to specified guest rooms and other selected areas of the hotel, including the lobby and the meeting/convention rooms. For guests and others who have their own Wi-Fi enabled laptop computers and other devices and are using this network, our revenues can be categorized as being either from individual guest use, where access is controlled through a prepaid card system, or from event use, where access is controlled through an assigned event account . This network and its ongoing support and maintenance comprise our primary network operations at the Empire Landmark Hotel (Individual and Event Access Operations). We completed the installation of our primary network operations in May 2004. We subsequently extended our operations to accommodate guests and others without their own Wi-Fi enabled devices through the installation of an Internet kiosk and a Business kiosk in the hotel lobby (Kiosk Operations). Nex Connectivity is obligated to provide periodic training of hotel staff in order to support and facilitate the marketing and operation of the Internet access services being provided at the Empire Landmark Hotel. The agreement also provides that, in the event that we terminate the Internet services agreement before March 1, 2007, the hotel will be entitled to keep all of the hotel network equipment and associated assets no additional cost.

(a) Individual and Event Access Operations

The Internet access network installed at the Empire Landmark Hotel serves approximately 66 of the 357 guest rooms in the hotel, as well as all meeting and conference rooms and the hotel lobby. The guest rooms served are the top seven floors of the hotel, which the hotel actively markets to its business traveler guests. Throughout the year, occupancy rates at the Empire Landmark vary between 45% and 75%, largely due to seasonal fluctuations driven by the volume of summer tourists. It is the hotel s understanding that occupancy rates for business travelers are subject to somewhat less fluctuation than above.

Nex Connectivity has installed an Internet access network at the Empire Landmark Hotel using industry standard 802.11b Wi-Fi equipment; in particular, Lucent Technologies and CISCO wireless access points, which are strategically located throughout the hotel to provide the required coverage. This means that any user s wireless card or device that complies with the 802.11 standard will be compatible with our network. A user s computer must also have a standard web browser to log onto our installed Internet access network (i.e. web browsers such as Microsoft Internet Explorer or Mozilla Firefox, which would need to be installed on the user s computer anyway, in order for them to otherwise access the Internet).

For individual Internet access, hotel guests and others must first purchase a prepaid card from the hotel s front desk. This prepaid card, supplied at Nex Connectivity s cost, is imprinted with a unique user ID and password. The password is covered by a protective, removable, latex coating intended to be scratched off by the user. Users with an 802.11 Wi-Fi enabled devices and supported web browsers can connect to the Nex Connectivity Internet access network through a simple logon procedure. For security and authentication purposes, this logon procedure requires the input of a valid ID and password from an unexpired prepaid card.

For meeting room and conference (event) Internet access, hotel guests and others must first obtain an assigned event account , with an associated ID and password, from Nex Connectivity technical staff. Typically, such arrangements are handled through the hotel s catering office and then referred onto our technical staff, as the hotel catering office is responsible for managing all event arrangements and subsequent customer billings. Event users with 802.11 Wi-Fi enabled devices and supported web browsers can connect to the Nex Connectivity Internet access network through a simple logon procedure. For security and authentication purposes, the logon procedure requires the input of a valid, assigned event account ID and password.

We had originally planned to complete the design, supply, installation and commissioning of the Empire Landmark Internet access network by March 31, 2004. However, full commissioning was delayed into early May 2004 due to supplier manufacturing problems affecting the delivery of the prepaid cards. The March 31, 2004 deadline specified in our contract was extended by the mutual agreement of Nex Connectivity and the hotel to May 31, 2004. The Empire Landmark network achieved full revenue operations in May 2004.

(b) Kiosk Operations

For guests and others who do not have computers and who need Internet access, Nex Connectivity has installed two kiosks in the hotel lobby, an Internet kiosk and a Business kiosk, by partnering with a third-party. The Internet kiosk has been installed pursuant to agreement between Nex Connectivity and Paykiosks Internet Terminals Inc. (Paykiosks) dated April 12, 2004. Under the terms of this agreement, Paykiosks agreed to supply, install, operate and maintain the Internet kiosk, at Paykiosk s expense, at a location to be provided by Nex Connectivity in the hotel lobby area. Ownership of the Internet kiosk remains with Paykiosks. Under the terms of the agreement, charges for Internet kiosk usage are based on a pay-per-use basis, which is handled directly by Paykiosks. The agreement with Paykiosks is terminable by either Paykiosks or Nex Connectivity upon either party giving 90 days written notice to the other. Paykiosks will be entitled to remove the Internet kiosk immediately upon expiry of the 90 day notice period.

Nex Connectivity entered into an addendum to its agreement with Paykiosks whereby Paykiosks agreed to provide and operate a second Internet kiosk that would feature additional functionality. We refer to this second kiosk as the Business kiosk , as it will enable users to use Microsoft Office or equivalent business software, to burn files to a CD and/or print to a laser printer, in addition to accessing the Internet and checking email. The Business kiosk is the subject of an addendum, which is dated September 15, 2004, to the original Internet kiosk service agreement between Nex Connectivity and Paykiosks. Under this addendum, Paykiosks will provide the Business kiosk on the same terms as the original Internet kiosk service agreement. This Business kiosk was installed in early October 2004. Ownership of the Business kiosk remains with Paykiosks. The agreement regarding the Business kiosk is subject to the same termination provisions as the original Internet kiosk.

(c) Revenues

Nex Connectivity earns revenues through revenue sharing agreements with the Empire Landmark Hotel (in respect of our Individual and Event Access Operations) and Paykiosks (in respect of our Kiosk Operations). The agreed retail pricing of all of our Internet access services, as agreed between us and the hotel and Paykiosks as appropriate, is subject to change in the future to meet evolving competitive market conditions.

Internet access revenues from the Individual and Event Access Operations are shared between Nex Connectivity and the Empire Landmark Hotel, with the hotel owner earning a commission computed as 15% of all prepaid card revenues and 10% of all event revenues, where revenues are net of any refunds for service problems. The hotel renders services to Nex Connectivity as follows: (i) front desk and catering staff handling of handling initial customer contacts; (ii) front desk handling of prepaid card sales; (iii) front desk handling of customer complaints and refund processing; (iv) front desk handling of initial technical support enquiries; and; (iv) through assuming all of the credit risk for subsequent collection of amounts owed. The amount of revenues achieved will be dependent upon the usage of our services by hotel guests and others. The principal factors that will affect our revenues are: the percentage of business travelers at the hotel, the acceptance of the prepaid access card system, and the number of events requiring Internet access. At May 31, 2005, the retail pricing for Individual and Event Access Operations was: (i) individual users (prepaid cards) CDN$12.40 for each 24 hour period (or approximately $9.85 for 24 hours at current exchange rates), and; (ii) event users (assigned event account) CDN $200 a day (or approximately $159 a day at current exchange rates).

Internet access revenues from Kiosk Operations are shared between Nex Connectivity and Paykiosks, with Paykiosks providing Nex Connectivity a commission computed as 20% of all kiosk revenues. This commission is paid to Nex Connectivity as consideration for providing the hotel lobby locations for the Internet and Business kiosks. Paykiosks has also agreed to pay Nex Connectivity the monthly amount of CDN$40 per month (equal to approximately $32 per month at present exchange rates), for providing the high-speed Internet access used for the Internet and Business kiosks. At May 31, 2005, the retail pricing for usage of the kiosks was CDN$2.00 per ten minutes of Internet kiosk usage (equal to approximately $1.60 at present exchange rates) and CDN$7.95 per 30 minutes of Business kiosk usage (equal to approximately $6.33 at present exchange rates).

Further, and in respect of the kiosks, Nex Connectivity entered into agreements with the hotel whereby the hotel agreed that no portion of the revenue from the Internet kiosks would be payable to the hotel. These agreements were the subject of addendums to the original agreement between Nex Connectivity and the hotel dated March 31, 2004 and September 15, 2004.

Employees

We currently have one part-time employee, two part-time consultants and no full-time employees. Our part-time employee is Mr. Joseph Bowes, our sole executive officer. Our part-time consultants include Mr. Dennis Tan, our chief technical manager, and Mr. Ralph Anderson, our user support manager. Messrs. Tan and Anderson provide their services to us on a contract basis through Nexgen Consulting Inc.

Marketing

We are conducting our marketing efforts using direct sales activities involving our directors and officers and staff who contact property owners directly to discuss our Internet access services and capabilities. We believe that this is the most effective method for the initial marketing of our services, and to secure the initial Internet access services contracts we are targeting. We plan to target hotel properties that are typically situated in the downtown areas of major cities and near airports. These properties are financially stable, well established and have high room utilization rates. Our objective is to secure Internet access service contracts and to earn revenues from properties whose guests and other users will provide ongoing Internet usage.

Our marketing efforts to date have focused entirely on properties in Vancouver, Canada, and have been comprised of: (i) direct sales activities, intended to lead to; (ii) technical assessments, intended to lead to; (iii) contract negotiations, intended to result in the planned long-term Internet access services contracts. Over the course of the past two years, our marketing efforts have focused on: (i) securing an initial long-term hotel property contract in Vancouver with the Empire Landmark Hotel, as a basis to secure additional Internet access service contracts, and; (ii) securing further initial long-term contracts with other local property owners.

Through our direct sales activities we have canvassed all significant hotel properties in downtown Vancouver and those close to the nearby international airport. Recent market developments would indicate that the market is maturing and becoming more competitive. In Gilder s chosen initial geographic market, Vancouver, Canada, by Spring 2005, substantially all of the downtown and airport hotel properties had implemented some form of Internet access service for their guests. While this has the effect of significantly limiting the available downtown hotel property market for the Company, there has been some replacement of suppliers as hotel properties have upgraded from dial-up to high-speed Internet access. We believe our high-speed Internet access services compare favorably with that of our competitors and Gilder plans to compete for such upgrading contracts. Further, we believe other attractive hotel prospects may be available in nearby suburban markets, which we are now researching. The Empire Landmark Hotel has recently asked Gilder to consider an expansion of its system, with the prospect of at least doubling the number of guest rooms being served. Discussions here are still at a very preliminary stage, and we have yet to finalize the network design for the expansion. No formal terms for a contract extension have been discussed and any decision here will be delayed until the Fall 2005.

The technical assessments resulting from our direct sales activities have led to six formal proposals, of which the Empire Landmark was one. Two of these formal proposals led to contract negotiations; the first in Spring 2003 which proved unsuccessful, and the other, being the Empire Landmark Hotel, in late 2003 and early 2004, which culminated in an executed contract in February 2004.

We have not entered into any agreements for any Internet access services contracts or had any negotiations for any such contracts since our agreement with the Empire Landmark Hotel. Hotel property owners are typically very busy during the summer months. It is our experience that hotel property owners have little time to focus on anything other than dealing with the challenges of running a full hotel property during the busy summer tourist season. Accordingly, we have focused our direct sales efforts on the Winter and Spring time-periods. These marketing efforts have included: (i) direct sales activities including follow-on and new contacts with hotel property owners identified as prospective customers; (ii) updating our website; (iii) professional re-working of our logo and graphics design elements, with the objective of developing our corporate identity; and (iv) ongoing market research and planning activities targeting hotel and other commercial properties in the metropolitan Vancouver market area. We plan to continue our marketing efforts throughout the next twelve months.

Our initial marketing efforts are targeted at our planned hotel market niche and focus primarily on serving the Internet access needs of business travelers. Our principal marketing efforts to date have targeted hotel properties in the Vancouver, Canada market area. If we are able to establish a business in the Vancouver, Canada area, of which there is no guarantee, we plan on pursuing further sales growth in other targeted niche markets in the Vancouver area and then elsewhere geographically, starting in South-Western British Columbia and then moving onto other major centres across Canada and the United States. There is no assurance that we will be able to expand our business as planned.

Proprietary Technology Development and Intellectual Property Rights

We do not plan to develop the individual components that will be incorporated into our technology solutions. Rather, we intend to use existing commercially available technology solutions in order to design, install and operate Internet access networks. Our business success will depend in part upon our ability to incorporate the latest technology developments into our Internet access networks in order to minimize installation costs and to provide the greatest range of services to our customers. Accordingly, we will require that our technical staff be responsible for tracking industry developments affecting software, hardware and telecommunications that could impact on our ability to develop improvements to our Internet access networks. Our objective will be to ensure that we are continuously improving our Internet access services in order to meet changing user needs and to ensure the ongoing growth and satisfaction of our user base.

The Internet access solutions that we will provide to our customers will primarily be comprised of commercially available hardware and software solutions. We anticipate that we will not be required to develop any of the individual hardware and software components that we will incorporate into our technology solutions. We will take measures to ensure that our know-how and trade secrets are protected through the execution of confidentiality agreements with third parties and through the execution of confidentiality and non-circumvention agreements with employees and consultants that we retain to carry out our business strategy. However, we anticipate that we will not rely on patent and copyright law for protection of any of our trade secrets or know-how. Accordingly, there is no assurance that competitors will not independently develop similar know-how or otherwise obtain to our know-how, trade secrets, concepts, ideas and documentation. Furthermore, there is no assurance that confidentiality and non-competition agreements with our employees and consultants will adequately protect our trade secrets and know-how.

We will rely on commercially available software programs in order to implement and operate our Internet access networks. These third party software products will be critical to our business. Accordingly, we plan to retain and renew such software licenses and authorizations as are necessary for us to establish and continue our operations. As a licensee, we will have no assurances as to the future availability of any of the software that we require or the price at which the software owners charge us for the licenses that we require. Increases in software licensing fees may increase our cost of doing business. In addition, the inability or unwillingness of a software owner to license software that we require to us would force us to seek alternate software vendors and may result in increased costs and decreased functionality.

Competition

We will continue to face competition from companies that currently provide Internet access services to hotel properties, and possibly from new market entrants in future:

1. We will face competition from the established and very large telecommunications companies that presently provide ADSL and cable Internet services to mass-market customers on a long-term subscriber basis. They may in future chose to develop specialized network solutions to serve the needs of short-term , transient use customers in hotel and other commercial property locations. While these wireline service providers have capital costs that are significantly higher than the Wi-Fi Internet access network solutions that we plan to offer, they have proven technology solutions that hotel owners may be more familiar with. As well, they could decide to supply their own Wi-Fi network solutions. Notwithstanding the costs involved, hotel property owners may decide to work with these service providers rather than with us. The major telecommunications service providers in the Vancouver market area include:

    (a) Telus Corporation a major established national Canadian telecom firm providing ADSL services;

    (b) Shaw Cable a major regional Canadian cable operator providing cable Internet services, and:

(c) Bell Canada a major established national Canadian telecom firm providing ADSL services.

(a) FatPort, and;

(b) Boingo Wireless.

As a general rule, we expect that all of our competitors will have access to greater financial resources than we do, due to the startup nature of our business. Accordingly, competitors may be able to develop Internet access solutions that are technically superior to ours and may be able to devote greater financial resources to the marketing of their services. Hotel property owners may also elect to proceed with established competitors rather than entering into agreements with a start-up company such as us. Due to these factors, there is a significant risk that our business will be materially and adversely impacted by competition.

Government Regulation

We anticipate that our Internet access network business will not be subject to any direct regulation by any government agencies including, in Canada, the Canada Radio, Telephone and Telecommunications Commission (the CRTC) and, in the United States, the Federal Communications Commission (the FCC). However, we will be required to comply with general government regulations that are applicable to all businesses. We caution that in both Canada and the United States, there are ongoing discussions about the regulation of Internet operations and related economic activities. Topical issues include the following:

1. Whether Internet access providers should continue to be classified as regulated Information Service Providers , rather than, in the United States, as Regulated Telecommunications Providers ;

2. Whether Internet access providers should be required to contribute to a Universal Service Fund , which, in the United States, subsidizes phone services for rural and low-income consumers and supports Internet access for schools and libraries;

3. What regulations, if any, should apply to the evolving use of the Internet for data and telecommunications transmissions.

In addition, the current regulatory situation in Canada and the United States is subject to change, which change could include increased regulation by the CRTC or the FCC. Increased regulation may result in increased costs to us in carrying out our business operations. Increases in costs could have the ultimate effect of reducing the usage of our Internet access networks by our customers or may decrease our expected gross margins and profits.

Research and Development Expenditures

We have not incurred any research or development expenditures since our incorporation.

Patents and Trademarks

We do not own, either legally or beneficially, any patent or trademark.

RISK FACTORS

An investment in our common stock involves a high degree of risk. Much of the information included in this annual report includes or is based upon estimates, projections or other forward-looking statements . Such forward-looking statements include any projections or estimates made by us in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution readers of this annual report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements . In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

If any of the following risks occur, our business, operating results and financial condition could be seriously harmed. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

If we do not successfully operate our initial Internet access network located at the Empire Landmark Hotel in Vancouver, Canada, then we will not achieve sufficient revenues to enable us to sustain operations and our business may fail.

We have secured a contract to install and operate an Internet access network at the Empire Landmark Hotel property in Vancouver, British Columbia in February 2004. We completed the installation of this Internet access network in May 2004 and operations commenced in May 2004. This contract is our first Internet access network installation and operation. The completion of this contract has consumed most of our available financial resources. We earn revenues on a revenue sharing basis with the hotel property owner that is based on Internet usage. We own this network and accordingly, we have not been paid any up-front purchase price or installation fee by the hotel property owner. Our ability to increase our revenues and a return on our investment on this installation contract will be dependent on our ability to generate and maintain usage of the Internet access network by hotel guests at the hotel property. If we are not successful in operating our initial hotel Internet access networks by generating usage of the installed Internet access network, then we will not achieve revenues as planned. If we are not successful at earning revenues or if revenues are less than anticipated, we may not have sufficient financial resources to continue with other network installations. In this event, we may not be able to continue business operations and our business may fail.

If we do not achieve additional financing or significant revenues from operations, then our business may fail.

We had cash of $8,982 and a working capital deficit of $67,768 as of May 31, 2005. Our plan of operations calls for us to spend approximately $125,000 over the next twelve-month period in pursuing our plan of operations to establish our Internet access network installation business. In order to achieve our plan of operations, we will require additional financing. The amount of financing will be dependent in part on the amount of revenues that we are able to generate from our initial hotel Internet access networks. There is no assurance that we will be able to achieve the necessary additional financing that will be sufficient for us to carry out our plan of operations for the next twelve months. We anticipate that we will not be able to achieve conventional debt financing due to the start up nature of our business and our lack of tangible assets. Accordingly, we anticipate that any additional funds will be raised through equity financings by way of additional sales of our common stock and/or securities that are convertible into shares of our common stock. There can be no assurance that additional financings will be available on terms acceptable to us, or at all. If we are not successful in achieving additional financing, then we may not be able to continue our business operations and our business may fail.

If we are required to complete additional equity financings, then our existing shareholders may experience dilution.

We anticipate that any additional financing that we obtain will be in the form of equity financings, due to the start up nature of our business and our current inability to obtain conventional debt financing. Equity financings would involve the sales of our common stock and/or sales of securities that are convertible or exercisable into shares of our common stock, such as share purchase warrants or convertible loans. There is no assurance that we will be able to complete equity financings at prices that are not dilutive to our existing shareholders. The price of further equity offerings will be dependent on a number of factors, including our success in establishing and developing our business operations. Accordingly, any additional financings may be on terms that are dilutive or potentially dilutive to our current shareholders.

If we do not achieve anticipated revenues or if our expenses are greater than anticipated, then we will have less funds with which to pursue our plan of operations and we will have to scale back our plan of operations.

We have reported minimal revenues to date, including $11,501 for the fiscal year ended May 31, 2005. We currently do not have sufficient financial resources to carry out our plan of operations over the next twelve months. Our plan of operations is predicated upon further financings to be sourced based upon our ability to earn revenues from operating our initial Internet access networks. If revenues from our initial installations are less than anticipated, then we will have less funds with which to pursue our plan of operations. In addition, there is a risk that the anticipated expenses of completing installations of hotel Internet access networks will be greater than we have anticipated. In either of these cases, we will be forced to scale back our plan of operations to conform our expenditures to our available funds, unless we are able to achieve additional financing. If we are forced to scale back our operations, there is no assurance that we will be able to complete a sufficient number of hotel Internet access network installations in order for us to achieve sufficient revenues and cash flows to continue our business operations. In this event, our business may fail.

As we are a start up business that has minimal revenues. There is no assurance that we will achieve anticipated revenues or that our business will succeed.

We formed our joint venture with 5G Wireless in May 2003. Nex Connectivity Solutions, our joint venture company, secured its first contract for a hotel Internet access network installation in February 2004. Full operations of the Internet access network commenced in May 2004. We face substantial risks to our ability to generate revenues and achieve anticipated revenues as we are in the start-up phase of our business. These risks to our ability to generate revenues include our ability to:

- Successfully operate our initial hotel Internet access network;
- Secure additional contracts for installing and operating new Internet access networks;
- Achieve revenues from Internet usage on the Internet access networks that we install and operate; and
- Manage and support on an ongoing basis the Internet access networks that we install, in order to ensure the reliable and efficient operation of these networks.

There is no assurance that we will be able to successfully address these risks and generate revenues. Our failure to address these risks will result in our failure to achieve revenues as planned, and could have a material adverse effect upon our business and financial condition.

The report from our auditor on our consolidated financial statements expresses a substantial doubt about our ability to continue as a going concern. There is no assurance that our business will not fail.

Our consolidated financial statements included with this annual report have been prepared assuming we will continue as a going concern. Our independent auditors have made reference to the substantial doubt about our ability to continue as a going concern in their report upon our audited financial statements for the year ended May 31, 2005. As discussed in the notes to our audited financial statements, we had accumulated operating losses of $169,199 from our inception to May 31, 2005. Our continuation is dependent upon our achieving a profitable level of operations as well as obtaining further long-term financing. These factors raise substantial doubt that we will be able to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We plan to enter into network installation agreements that will require us to install Internet access networks at our cost without any minimum revenue guarantees. If our revenues, of which there is no guarantee, are less than anticipated, we will have less cash with which to pursue our plan of operations and our business may fail.

Our business plan contemplates that we will enter into Internet access network installation agreements with hotel property owners where we will pay for the full up-front cost of installation of the Internet access network. We anticipate that we will not be able to negotiate any minimum revenue payments from hotel owners notwithstanding that we will pay for the full up-front installation cost. Accordingly, if we do not achieve the revenues planned from the operation of the Internet access networks that we install, we may not be able to recover our associated capital or even operating costs. In this event, we will have less cash with which to pursue our plan of operations and our business may fail.

Our plan of operations calls for the continued expansion of our business. Accordingly, we anticipate that we will incur ongoing losses for the foreseeable future.

We will be required to undertake significant expenses in connection with the marketing, design, supply, installation, commissioning and operation of our initial hotel Internet access networks. It is anticipated that our planned Internet access service contracts will be structured on a revenue-sharing basis, whereby we will install the network at our expense, it will be owned by us, and we will share the revenues with property owners. We will earn revenues on an ongoing basis only from Internet usage, rather than being paid upon the completion of an installation. Accordingly, we anticipate that we will incur operating losses for the foreseeable future.

We operate in a highly competitive industry and our failure to compete effectively may adversely affect our ability to generate revenue.

Larger, better-financed companies compete directly with us. Such competition will potentially affect our chances of achieving profitability, and ultimately adversely affect our ability to continue as a going concern.

Our shareholders agreement for Nex Connectivity contemplates that we and 5G Wireless will together provide it financing. There is no assurance that either we or 5G Wireless will be able to provide such financing. Failure of either us or 5G Wireless to provide such financing on a timely basis may cause the business of Nex Connectivity to fail.

Our Internet access network business will be carried out in Canada by Nex Connectivity Solutions. Our ownership interest in Nex Connectivity is governed by a shareholders agreement between us and 5G Wireless. Our shareholders agreement contemplates that, upon a demand made by the majority of the board of directors of Nex Connectivity, that we and 5G Wireless will provide financing to Nex Connectivity as shareholders loans on a pro rata basis. However, there is no assurance that either we or 5G Wireless will be able to provide the necessary such financing to Nex Connectivity Solutions. If either we or 5G Wireless are unable to provide the necessary financing on a timely basis, then the business of Nex Connectivity Solutions may fail. Further, if 5G Wireless provides financing and we do not, then 5G Wireless will be entitled to repayment of the funds advanced as a shareholders loan prior to any distribution of net income to us.

As a result of our shareholders agreement with 5G Wireless, even if Nex Connectivity achieves net profits, of which there is no assurance, we will only be entitled to any distribution of net profits only after all shareholders loans by us and 5G Wireless to Nex Connectivity have been repaid.

As a result of our ownership interest in Nex Connectivity, the shareholders agreement between us and 5G Wireless provides that we are entitled to 51% of the net profits of Nex Connectivity. These net profits will be paid to us and 5G Wireless first by the repayment of all shareholders loans and second by payment of dividends. As of May 31, 2005, we and 5G Wireless had advanced $21,000 and $10,000 respectively to Nex Connectivity as shareholders loans.

If the cost of new technology developments increases our cost of doing business, then our losses will increase, we will have less funds with which to fund our business operations, and our business may fail.

We plan to offer state-of-the-art technology solutions to property owners. We believe that we will be required to continually update our Internet access networks to incorporate technology solutions that will enable us to offer our hotel customers the state-of-the-art products and services that are demanded by business travelers. We believe this will be necessary in order to satisfy the needs of business travelers at hotel properties and to maintain a competitive advantage. However, incorporating the latest technological developments into our Internet access networks may cause the capital and operating costs to increase. If we are unable to achieve additional revenues to cover these increased costs, then our losses will be greater than anticipated and could have a material adverse effect upon our business and financial condition.

As our joint venture partner, 5G Wireless is to provide specialized expertise and know-how regarding Internet access network installations and operations. There is no assurance that we will be able to carry out our plan of operations if 5G Wireless is unable to provide the necessary technical expertise and personnel.

Under the terms of our joint venture agreement with 5G Wireless, 5G Wireless is to provide specialized expertise and know-how in the area of Internet access network installations and operations. 5G Wireless will provide staff to fulfill the functional responsibilities of the chief technical manager and user support manager positions at Nex Connectivity. In the event of the departure of staff from either position for any reason, or the inability of 5G Wireless to provide ongoing technical expertise or support, then there is a risk that we will not be able to carry out our plan of operations with the result that our business will fail.

If the technology solutions that we plan to incorporate into our Internet access networks become obsolete, then we may not achieve expected revenues or profitability, and we will not have sufficient funds with which to pursue our plan of operations and our business may fail.

The Internet access networks we install will be subject to obsolescence due to changing technologies, changing industry standards, changing customer needs and new software introductions. If our installed Internet access networks become obsolete, or if we fail to adapt to new customer needs, then we may attain or maintain our expected level of revenue, we will not achieve profitability, and we will have less funds with which to pursue our plan of operations.

Interruptions in Internet access caused by telecommunications carriers and other suppliers may cause us not to be able to provide Internet access services to our customers, with the result that our revenues may be lower than anticipated.

We will be relying on local telecommunications and other companies to provide the telecommunications links that will enable our users to access the Internet through our Internet access networks. Accordingly, any service disruptions or capacity constraints suffered by these third-party telecommunication providers could dramatically affect our customers. We will have no means of remedying these problems or replacing these services on a timely basis, or at all, in the event such problems. Our operations will also be dependent on the extent to which these third-party telecommunications providers are protected from operational disruptions, natural disasters, power losses and other problems. Any accident, incident, system failure or discontinuation of operations involving a third party supplier will cause interruptions to our Internet service operations which would disrupt our ability to provide Internet access services to our customers and, in turn, result in our earning less revenue than anticipated and incurring additional expenses, and could have a material adverse effect upon our business and financial condition.

If we are unable to maintain the security of our Internet access networks, then expenses associated with the operation of our Internet access networks will be greater than anticipated and revenues from operations will be less than anticipated.

Despite security measures that we plan to implement, our Internet access network infrastructure may be vulnerable to computer viruses, hacking or other similar disruptive problems caused by customers, other Internet users, other connected Internet sites and interconnecting telecommunications networks. Such problems caused by third parties could lead to interruptions, delays, or cessation in service to our customers. Inappropriate use of the Internet by third parties could also potentially jeopardize the security of confidential information stored in our computer systems or those of our customers. These security problems could cause us to lose customers or even deter potential users from becoming customers. Further, we anticipate that our customers will be using our Internet access services to complete transactions of a commercial nature. Any network malfunction or security breach could cause such transactions to be delayed, not completed at all, or completed with compromised security. There can be no assurance that customers or others will not assert claims of liability against us as a result of any failure or security breach. Further, until more comprehensive security technologies are developed, security and privacy concerns of potential customers may inhibit the growth of our customer base and revenues. In view of these factors, our inability to maintain the security of our networks could result in our expenses being greater than anticipated and our revenues less than anticipated, each of which would increase our losses, decrease our profitability and result in us having less cash with which to pursue our plan of operations.

If the third-party equipment hosting operators that we plan to rely upon suffer service or infrastructure problems, then expenses associated with the operation of our Internet access networks will be greater than anticipated and revenues will be less than anticipated.

Our plan is to locate critical server equipment dedicated to our Internet access services, including our network operations centers, in an equipment hosting facility operated by an independent third party. In this event, we will be relying on the equipment hosting operator to provide security services, environmental HVAC controls, and to provide redundant or back up equipment and telecommunications facilities. However, despite these precautions, our operations will be subject to disruptions in service or other unanticipated problems suffered by the equipment hosting operator. Disruptions in our Internet access services could result in our customers deciding to cancel or reduce the use of our services. Accordingly, any disruption of our Internet access services due to system failures by the third-party equipment hosting operator could have a material adverse effect upon our business and financial condition.

We will have limited proprietary protection for our technology solutions, as we plan to purchase commercially available components, rather than develop and own our own technologies.

We plan to design Internet access networks using technology solutions based on commercially available hardware and software. We do not plan to develop our own software or hardware products. Accordingly, competitors will be able to purchase the same hardware and software components that we will integrate into our Internet access networks. Accordingly, there is a risk that competitors will replicate the technology solutions that we provide to our customers. Further, we will be at risk to hardware suppliers and software vendors who may increase their prices or may discontinue their operations. If software vendors from whom we have purchased software discontinue their operations, we may not be able to obtain support for the software we have installed on our networks. If the prices of hardware and software components that we integrate into our technology solutions are increased, we may be forced to incur the increased expense or source different components that may not be as well suited for our technology solutions. Based on these factors, the fact that we do not own the proprietary technology underlying our Internet access networks may cause our expenses to be greater than anticipated and our revenues to be less than anticipated, each of which would increase our losses, decrease our profitability and result in us having less cash with which to pursue our plan of operations.

Our management has limited experience in the deployment of Internet access networks. Accordingly, we may not be able to carry out our plan of operations with the result that we may not achieve significant revenues and our business may fail.

Our management and board of directors have limited experience in the marketing and deployment of Internet access networks. Our president, Mr. Joseph Bowes, does not have any scientific training or technical expertise in the area of Internet access networks. Accordingly, our management and board of directors may not be able to successfully implement our plan of operations. If we are not able to successfully market and deploy Internet access networks, then we will not achieve our revenue targets, and we will have less cash with which to pursue our plan of operations and our business will fail.

Business travelers may adopt a wireless computing standard other than the Wi-Fi 802.11 protocol. Accordingly, in future they may not be able to connect to our Internet access networks unless we invest in new equipment and/or software to upgrade or replace our existing network. In such an event, we will not earn the revenues that we anticipate from our Internet access networks, we will have less cash with which to pursue our plan of operations, and our business will fail.

We plan to install Internet access networks that will enable users, including business travelers, to connect using 802.11 Wi-Fi enabled laptop computers. If our targeted user market adopts a different wireless protocol or purchases computer equipment that uses a different wireless protocol, then our users may not be able to connect to our Internet access networks unless we invest in new equipment and/or software to upgrade or replace our existing networks. In this event, our revenues will be reduced, we will have less cash with which to pursue our operations, and our business may fail.

The introduction of new government regulation could increase our expenses, reduce the amount of cash we have with which to pursue our plan of operations and cause our losses to increase

We anticipate that we will not be subject to any direct regulation by any government agencies, although we will be required to comply with general regulations that are applicable to all businesses. We are currently not regulated by either the Canadian Radio Telephone Telecommunications Commission (the CRTC) in Canada or the Federal Communications

Commission (the FCC) in the United States. However, Internet related regulatory policies are continuing to develop and it is possible that our business operations could be the subject of regulation from either the CRTC or the FCC in the future. Additionally, it is possible that additional laws and regulations may be adopted that directly impact on our business operations. Additional laws and regulations could include laws and regulations governing content, privacy, pricing, encryption standards, consumer protection, electronic commerce, taxation, copyright infringement and other intellectual property issues. Increased regulation governing the Internet or the installation and operation of Internet access networks could increase our cost of doing business and may result in a decline in Internet usage by business travelers and hotel properties. Accordingly, increased government regulation could increase the cost to us of carrying out our plan of operations with the result that our expenses may be higher than anticipated, we will have less cash with which to pursue our operations and we will incur greater losses.

Trading on the OTC Bulletin Board may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTC Bulletin Board service of the National Association of Securities Dealers. Trading in stocks quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with the company s operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

Trading of our stock may be restricted by the SEC s penny stock regulations, which may limit a stockholder s ability to buy and sell our stock.

The Securities and Exchange Commission has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors . The term accredited investor refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer s account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer s confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser s written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

NASD sales practice requirements may also limit a stockholder s ability to buy and sell our stock.

In addition to the penny stock rules described above, the NASD (National Association of Securities Dealers Inc.) has adopted rules that require broker-dealers who are recommending an investment to a customer to have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer s financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for its shares.

If one or a number of shareholders attempt to sell a large number of shares all at once or in blocks, the market price of our shares would most likely decline.

Stock market prices are determined by the laws of supply and demand. In the event that more shares are offered for sale (the offers) than are ordered for purchase (the bids) at a particular time and price, then, to the extent that a shareholder does indeed intend to sell, those offering their shares for sale will need to replace their original offers to sell with new offers at a lower price. To the extent that all the shares they wish to sell are not bought at the new, lower price, they will again have to replace their offers with new ones at an even lower price. The price will fall until there are more shares purchased (based on orders for purchase) than there are offered. The balance of supply and demand means that a large number of shares being sold must seek sufficient bids, typically at ever-lower prices, until they are all sold. This will cause the market price to decline. Moreover, the offer or sale of a large number of shares at any price may cause the market price to fall.

Because a portion of our operating expenses and revenues are in Canadian dollars, our financial results and operating condition may be impacted by currency fluctuations in the Canadian dollar in comparison to the U.S. dollar.

Our reporting currency is the U.S. dollar. The majority of our operating expenses are incurred in Canadian dollars, as our operations are located in Vancouver, British Columbia, Canada. In addition, presently all of our revenues are earned in Canadian dollars from the operation of our sole installed Internet access network located in Vancouver, Canada. Accordingly, our financial results and operating condition will be affected by currency fluctuations in the Canadian dollar in comparison to the U.S. dollar. An increase in the U.S. dollar in comparison to the Canadian dollar will have the effect of decreasing the U.S. dollar amount of our revenues, while at the same time decreasing the U.S. dollar amount of our operating expenses. Similarly, a decrease in the U.S. dollar in comparison to the Canadian dollar will have the effect of increasing the U.S. dollar amount of our revenues while at the same time increasing the U.S. dollar amount of our operating expenses. Our net profits will be decreased or our net losses will be increased if either: (i) the decrease in our revenues attributable to currency fluctuations exceeds the decrease in costs attributable to currency fluctuations; or (ii) the increase in our revenues attributable to currency fluctuations does not exceed the increase in costs attributable to currency fluctuations.

Item 2. Description of Property.

We do not lease or own any real property. Our head office is located at the business premises of Angus Consulting, a private company controlled by Mr. Joseph Bowes, our sole executive officer and a director, at 3639 Garibaldi Drive, North Vancouver, British Columbia V7H 2W2, Canada. These services are provided pursuant to our management agreement with Angus Consulting. We anticipate that these premises will be sufficient for our initial operations. As discussed under Description of Business, we plan to lease office space once our business operations are expanded beyond our initial start-up phase.

Item 3. Legal Proceedings.

We are not currently a party to any legal proceedings that have been or are currently being undertaken for or against us nor are we aware of any contemplated.

Item 4. Submission of Matters to a Vote of Security Holders.

We did not submit any matters to our security holders to be voted upon during our fiscal year ended May 31, 2005.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Market for Common Stock

In the United States, our common stock became eligible for trading on the National Association of Securities Dealers OTC Bulletin Board under the symbol GDRE on May 18, 2005. There were no trades of our common stock on the OTC Bulletin Board during our fiscal year ended May 31, 2005.

Holders of Our Common Stock

On August 15, 2005, the shareholders list of our common shares showed 105 registered shareholders and 7,855,000 shares outstanding.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future. There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends.

The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or

2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

Recent Sales of Unregistered Securities

We did not sell any securities without registration under the Securities Act of 1933 during our fiscal year ended May 31, 2005.

Nevada Anti-Takeover Laws

Nevada revised statutes sections 78.378 to 78.3793 provide state regulation over the acquisition of a controlling interest in certain Nevada corporations unless the articles of incorporation or bylaws of the corporation provide that the provisions of these sections do not apply. The statute creates a number of restrictions on the ability of a person or entity to acquire control of a Nevada company by setting down certain rules of conduct and voting restrictions in any acquisition attempt, among other things. Our articles of incorporation expressly state that these provisions do not apply. Accordingly, we are not governed by these provisions regarding acquisitions of controlling interests.

Item 6. Management Discussion and Analysis or Plan of Operation.

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes for the years ended May 31, 2005 and 2004, which appear elsewhere in this Annual Report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include but are not limited to those discussed below and elsewhere in this annual report, particularly in the section entitled Risk Factors in this Annual Report.

Overview

We are still in our infancy as a viable commercial entity, and consequently our focus has been on the identification of market needs, the development of products and services to meet these needs, the establishment and operation of our initial Internet access network and upon direct sales activities in our initial geographic market of Vancouver, Canada. We will attempt to secure additional long-term Internet services contracts. We believe that securing additional long-term Internet service contracts will assist us in attracting additional financing to allow us to add the needed resources in order to support the growth of our operations. Despite our objectives, there are no assurances that any such long-term Internet services contracts can be secured, or that we will be able to attract additional financing on acceptable terms, if at all. Should we be unable to achieve the anticipated contracts or to attract additional financing on acceptable terms, our ongoing business and future success may be adversely affected.

PLAN OF OPERATIONS

We anticipate that we will expend approximately $125,000 over the next twelve months pursuing our plan of operations as outlined below, subject to our achieving the necessary financing. These anticipated expenditures are broken down as follows:

Estimated Expenditures Required During the Next Twelve Months
Operating expenditures

Operations and technical support	$18000
Marketing, general and administrative	43,000
Total operating expenditures	61,000
Capital expenditures (1)	64,000
Total	$125,000

Notes: (1) Capital costs include $59,000 for the network operations center and three hotel installations, and $5,000 for office equipment.

Our plan of operations for the next twelve months is set forth below, subject to our obtaining the requisite financing:

Operations and Technical Support

We plan to attempt to secure additional installation contracts with additional hotel property owners for the installations of our Internet access networks. Our objective is to complete two to three additional new Internet access network installations during the next twelve months. In the next twelve months, it is also planned that we will incur development costs for expanding the functionality of the management information systems employed in our network operations centers in order to increase the sophistication of the billing options that we are able to offer to hotel property and other clients. We anticipate that we will incur costs of up to $59,000 for these additional network installations, additional network operations center equipment and the billing software development work during this period.

As our business expands, we plan to locate our network operations center at the facilities of a third-party, computer equipment hosting service provider. We anticipate leasing third-party hosted network operations center facilities, at a cost of approximately $400 per month, after the completion our third network installation.

As our operations requirements expand, and likely after the completion of our second network installation, we anticipate leasing packaged office premises of approximately 300 square feet for our operations and technical support staff at a cost of approximately $400 per month.

Staffing costs are expected to be the largest operations and technical support expense and are estimated at approximately $12,500 for the next twelve months as we continue our strategy of staffing these activities on a permanent part-time basis.

Marketing and Sales

We will continue our marketing efforts over the next twelve months with the objective of attempting to secure additional contracts for Internet access network installations. Our anticipated marketing and sales costs will include the point-of-sales materials (signage, brochures, stickers, prepaid cards, etc.) utilized at our client properties and our corporate marketing expenditures (web site, presentation materials, etc.). By far the largest actual sales and marketing expense is the staffing cost for the time for our market research, direct selling, technical assessment, and contract negotiation activities. Our overall staffing costs reflect our limited resources, namely one permanent employee, two part-time consultants and no full-time employees. Accordingly, marketing and sales staffing costs are not broken out separately from either our operations and technical support or our general and administrative staffing expenses.

General and Administrative Expenses

We anticipate spending approximately $43,000 on ongoing operating and administrative expenses. It is also planned that a further amount of $5,000 will be spent on the purchase of office equipment. In our first twelve months of operations, we anticipate that our monthly operating costs will grow to an average of approximately $2,500 per month. Amongst other things, these ongoing expenses will include staffing our ongoing sales and marketing activities, and the professional expenses related to our year-end audit and of complying with our ongoing quarterly and annual regulatory reporting obligations under the Securities Exchange Act of 1934.

Our cash position was $8,982 as of May 31, 2005 as compared to $27,394 at May 31, 2004 and we had a working capital deficit of $67,768 as of May 31, 2005 as compared to working capital of $5,978 at May 31, 2004. Accordingly, we will require additional funding of approximately $200,000 over the next twelve-month period in order to enable us to pursue our plan of operations and to pay our accrued liabilities.

We do not have sufficient funds on hand to satisfy our estimated cash requirements to execute our plan of operations for the next twelve months without securing additional financing. Further, there is no assurance that actual cash requirements will not exceed our estimates, in which case we will require additional financing to pursue our plan of operations, provide working capital and to pay for operating expenses and capital requirements.

If we do not achieve the necessary additional financing, or if the additional financing that we achieve is less than required, then we will scale back our operations according to the funds available to us. Specifically, we will not install any additional Internet access networks, purchase any office equipment, establish a network operations center, lease any premises, hire staff or expand our sales and marketing efforts. If we do not achieve any additional financing, we anticipate that we will be able maintain current operations for approximately six months based on current cash and working capital and revenues from our initial Internet access network installation, as discussed below under Financial Condition and Liquidity . Notwithstanding that we believe we are able to continue our operations for the next six months without additional financing, additional financing will be required in order to enable us to complete any additional Internet access network installations and expand our revenue base.

There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, if and when it is needed, we will be forced to scale down or perhaps even cease the operation of our business.

There is no assurance that we will be able to meet our revenue objectives or that we will have access to adequate capital resources on a timely basis, or at all, sufficient to enable us to carry out our plan of operations. We anticipate that our financing requirements will increase if: (a) the costs of implementing our business plan are greater than anticipated; or (b) the revenues we earn from the Empire Landmark Hotel Internet access network installation should decline in future. We anticipate that if we pursue any additional financing, the financing would be an equity financing achieved through the sale of our common stock. We do not have any arrangement in place for any debt or equity financing. If we are successful in completing an equity financing, existing shareholders will experience dilution of their interest in our company. In the event we are not successful in obtaining such financing when necessary, we may not be able to proceed with our business plan, and we will be forced to scale down or perhaps even cease the operation of our business.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements have been prepared on a going concern basis. We have accumulated an operating deficit of $169,199 from our inception to May 31, 2005. In the long-term, our ability to continue as a going concern is dependent upon our ability to generate profitable operations in the future and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. We plan to satisfy our working capital needs primarily by issuing equity securities These financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed over the estimated useful life using the straight-line method. Long-lived assets used by our company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We continuously evaluate the recoverability of our long-lived assets based on estimated future cash flows and the estimated fair value of such long-lived assets, and provide for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements are stated in U.S. dollars and are prepared in accordance with US generally accepted accounting principles. We are currently in the development stage and present our financial statements in accordance with Statement of Financial Accounting Standard ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises".

Included in our consolidated financial statements are the accounts of the Company and our subsidiaries, Gilder Tech Ventures Inc. (incorporated on March 26, 2003, wholly-owned) and Nex Connectivity Solutions Inc. (incorporated on March 25, 2003, 51% owned). 5G Wireless, a Singapore company, owns the remaining 49% of Nex Connectivity Solutions. Our consolidated balance sheet reflects as a minority interest 5G Wireless's 49% interest in the book value of net assets of Nex Connectivity Solutions. The value of the minority interest of 5G Wireless is $Nil as of May 31, 2005 and May 31, 2004 due to the fact that the interest of 5G Wireless in the cumulative net losses of Nex Connectivity Solutions is greater than the contribution of 5G Wireless to Nex Connectivity Solutions. On our statement of operations, we consolidate ou