

ALLIANCE DATA SYSTEMS CORP  
Form 4  
March 23, 2011

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
HEFFERNAN EDWARD J

2. Issuer Name and Ticker or Trading Symbol  
ALLIANCE DATA SYSTEMS CORP [ADS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
7500 DALLAS PARKWAY, SUITE 700  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
03/21/2011

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President and CEO

PLANO, TX 75024

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	03/21/2011		A <sup>(1)</sup>		7,672	A	11
Common Stock	03/21/2011		A <sup>(2)</sup>		30,689	A	2
							182,156 <sup>(3)</sup>
							212,845 <sup>(3)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HEFFERNAN EDWARD J 7500 DALLAS PARKWAY, SUITE 700 PLANO, TX 75024	X		President and CEO	

## Signatures

Cynthia L. Hageman, Attorney  
in Fact 03/23/2011

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The new grant is for 7,672 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 2,531 units on 2/21/12, on 2,532 units on 2/21/13 and on 2,609 units on 2/21/14, subject to continued employment by the Reporting Person on the vesting dates.
- (2) The new grant is for 30,689 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the performance restriction lapses. The restriction may lapse with respect to 33% of such shares on each of 2/21/12 and 2/21/13 and with respect to 34% of such shares on 2/21/14 contingent on meeting an EBT metric for 2011 and subject to continued employment by the Reporting Person on the vesting dates.
- (3) The total number of securities beneficially owned includes: (a) 124,005 unrestricted shares; (b) 17,952 unvested units from an award of 52,800 performance-based restricted stock units granted 2/23/09; (c) 6,186 unvested units from an award of 9,232 time-based restricted stock units granted 2/22/10; (d) 26,341 unvested units from an award of 39,511 performance-based restricted stock units granted 2/22/10; (e) the new grant for 7,672 time-based restricted stock units; and (f) the new grant for 30,689 performance-based restricted stock units.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. upon the hotel property, we expect that sales revenues will be earned by Nex Connectivity Solutions based upon a fixed percentage split of user charges, a fixed monthly amount, or a combination of both. The revenue sharing structure for each hotel property will be the subject of negotiations between us and the hotel property

owner and will vary from project to project. The revenue sharing structure will be formalized in a long-term agreement entered into between Nex Connectivity Solutions and the hotel property owner.

We will keep Nex Connectivity Solutions staffing requirements at a minimum while we target and complete our initial Internet access networks. 5G Wireless has provided two key staff members to enable Nex Connectivity Solutions to complete initial projects. These individuals are Mr. Dennis Tan, chief technology manager, and Mr. Sacault, user support manager. Each of Mr. Tan and Mr. Sacault have been provided by 5G, our joint venture partner, at the expense of Nex Connectivity Solutions. We believe that Mr. Dennis Tan and Mr. Sacault will be able to complete the management and supervision of Nex Connectivity Solutions initial Internet access network installations without the requirement to hire additional staff or contract personnel. Mr. Dennis Tan and Mr. Sacault will supervise the sub-trades that Nex Connectivity Solutions will be required to hire in order to complete each installation.

#### **Empire Landmark Hotel Agreement and Installation**

Under the terms of the initial contract for the Empire Landmark Hotel, Nex Connectivity Solutions agreed to purchase and install at its cost the network and Internet access hardware and software necessary to provide high speed Internet access to guest rooms and to other selected areas in the hotel, including the lobby and meeting/convention rooms. Nex Connectivity Solutions will earn revenues through a revenue sharing agreement with the hotel whereby revenues generated by usage of the Internet access system will be shared between Nex Connectivity Solutions and the hotel property. Nex Connectivity Solutions will be entitled to 85% of all revenues, being all payments received for use of the system, less any refunds, and the hotel owner will be entitled to 15% of all revenues. This revenue sharing agreement has been structured in a manner to make it attractive to the hotel owner who will not have any upfront capital outlay to provide high-speed Internet access services to their guests, or any ongoing technical operations and servicing costs, thus minimizing their financial and operations risks in providing a desirable but very specialized service for their guests. The fee to be charged to guests of the Empire Landmark Hotel for Internet access through the Internet access networks that Nex Connectivity Solutions installs will be approximately \$9.50 for each 24 hour period.

We anticipated it would take Nex Connectivity Solutions approximately two months to complete the installation of the Internet access network for the Empire Landmark Hotel property and to complete commissioning and testing. Nex Connectivity Solutions completed the installation of the Internet access network for the Empire Landmark Hotel property in March 2004. Although the contract required that Nex Connectivity Solutions complete and fully commission this installation by March 31, 2004, this dead-line was extended by agreement between Nex Connectivity Solutions and the hotel. Completion of commissioning of the network installation was delayed due to supplier manufacturing problems affecting delivery of the pre-paid cards necessary to implement usage of the Internet access network. Nex Connectivity Solutions conducted commissioning and testing of the installation during April and mid-May 2004 prior to full implementation. The Internet access network achieved full operation in mid-May 2004, with partial operation being achieved for meeting and conference rooms in the hotel in early May 2004.

Nex Connectivity Solutions is also obligated to provide periodic training of hotel staff in order to support and facilitate operation of the Internet access network. The initial term of the contract will be for a five year term from the date of full implementation. In the event that we terminate the Internet services agreement before March, 2007, the hotel will be entitled to keep all of the equipment and associated assets installed in the premises at no additional cost.

The agreement with the Empire Landmark Hotel required that approximately 66 of the 357 rooms in the hotel will be provided with access to the Internet access network. These rooms are located over seven floors of the hotel. In addition, access to the Internet access network is required to be provided to hotel meeting rooms, conference rooms and the hotel lobby area. The rooms that have been provided with access to the Internet access network are those that the hotel targets for the business traveler. Occupancy rates at the Empire Landmark Hotel vary throughout the year between 45% and 75%, largely due to fluctuations in the tourist season in Vancouver, however occupancy rates for business travelers are subject to less fluctuations.

Revenues for the purposes of the contract mean all payments received by either the hotel property owner or Nex Connectivity Solutions for the use of the installed network. The amount of revenues achieved will be dependent upon the usage of the network by hotel guests. User access and billing for Internet usage will be administered through a prepaid access card system using cards that Nex Connectivity Solutions will provide and the hotel will sell to its guests. Factors that will affect usage include the percentage of business travelers at the hotel and the acceptance of the prepaid access card system by hotel guests.

Nex Connectivity Solutions has installed an Internet access network at the Empire Landmark Hotel that uses industry-standard equipment and employs the 802.11b protocol. The Nex Connectivity Solutions installed Internet access network uses Lucent Technologies and CISCO wireless access points, which connect to the Nex Connectivity Solutions installed Internet access network and handle the wireless communication to users' wireless laptop equipment. These wireless access points are strategically located throughout the hotel to provide the required coverage over seven floors of guest rooms, and in the meeting and conference facilities and lobby areas.

The guests that the Empire Landmark Hotel and Nex Connectivity Solutions expect to serve with the Nex Connectivity Solutions installed Internet access network are those who arrive at the hotel with their own properly-configured, 802.11 wireless-enabled laptop computers. 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 (such as Microsoft's Internet Explorer or Netscape's Navigator which they would be using anyway to access the Internet) to logon to the installed Internet access network.

Guests who wish to access the Internet access network must purchase a pre-paid Internet access card from the hotel's front desk. The pre-paid access card includes a password that is covered by a removable, protective coating that can be scratched off by the guest. Guests of the hotel with an 802.11 wireless enabled laptop can connect to the Nex Connectivity Solutions installed Internet access network through a logon process that requires them to input their ID and password. The installed Internet access network will authenticate their ID and password as part of the logon process.

The logon procedure is very simple and, at its most basic, involves the user:

- Ensuring they have selected their wireless device under Network Connections .

- Starting (launching) their web browser.
- Their web browser will automatically be directed to a Nex Connectivity Solutions logon screen where they can enter their ID and password (from the back of their pre-paid card).
- The installed Internet access network will then automatically connect the user's computer to the Internet. This Internet connection will remain active until the user turns their computer off or moves out of wireless range (which, in a guest room, should not happen).

Guests that do not have a 802.11 wireless-enabled laptop will be encouraged to: (1) use the lobby-installed Internet kiosk, or; (2) where they have a laptop and need Internet access, they will be directed to deal directly with a local computer retailer such as London Drugs or the Future Shop/Best Buy. (Retail prices for laptop wireless cards are in the order of \$50). These retailers have the proper resources to support first-time retail customers who are investigating wireless. As with installing any new computer hardware and software, there are configuration and training issues in the set-up of a wireless card that could prove to be very time-consuming for both the Hotel and Nex Connectivity Solutions technical staff to support.

For users with an 802.11 wireless enabled laptop, they can connect to the Nex Connectivity Solutions installed Internet access network through a logon process that requires them to input their ID and password (located on the back of a valid Prepaid Card they will have purchased from the hotel front desk the password is covered by a removable, protective coating). The Nex Connectivity Solutions installed Internet access network will authenticate their ID and password as part of the logon process.

The logon procedure is very simple and, at its most basic, involves the user:

- Ensuring they have selected their wireless device under Network Connections .
- Starting (launching) their web browser.
- Their web browser will automatically be directed to a Nex Connectivity Solutions logon screen where they can enter their ID and password (from the back of their Prepaid Card).
- The Nex Connectivity Solutions installed Internet access network will then automatically connect the user's computer to the Internet. This Internet connection will remain active until the user turns their computer off or moves out of wireless range (which, in a guest room, should not happen).

For guests and others who do not have computers and who need Internet access, Nex Connectivity Solutions has installed an Internet kiosk in the Hotel lobby by partnering with a third-party. Charges for Internet kiosk usage are based on a pay-per-use basis, which is handled directly by the third party. Nex Connectivity Solutions receives 20% of the revenues from the Internet kiosk operation.

Guests that do not have a 802.11 wireless-enabled laptop will be encouraged to: (1) use the lobby-installed Internet kiosk, or; (2) where they have a laptop and need Internet access, they will be directed to deal directly with a local computer retailer, such as London Drugs or the Future Shop/Best Buy. Retail prices for laptop wireless cards are in the order of \$50. These retailers have the proper resources to support first-time retail customers who are investigating wireless. As with installing any new computer hardware and software, there are configuration and training issues in the set-up of a wireless card that could prove to be very time-consuming for both the Hotel and our Nex Connectivity Solutions technical staff to support.

## **OUR PLANNED BUSINESS OPERATIONS**

We plan to expand our business operations once we complete our initial installations of Internet access networks. The timing and the extent to which we are able to expand our operations will depend upon the success of our initial installations and the amount of revenues that we are able to generate. Our strategy is to keep our up-front costs as low as possible, while expanding operations when we are able to achieve efficiencies of scale from expanded operations.

Components of our planned business operations include the following:

1. We plan to lease premises in order to provide us with the facilities that we require in order to implement our business plan. These leased facilities are planned to include the housing of our corporate, administrative, marketing, sales, user support and technical operations. We anticipate that we will initial require approximately 300 square feet of office premises. We anticipate that we will be able to

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lease packaged office premises in the Vancouver area for approximately \$500 per month. The timing of our obtaining leased premises will be dependent upon the rate that we are able to install additional Internet access networks. In order to minimize our operating expenses, we plan to defer obtaining leased premises until such time as we have expanded our business operations by installing additional number Internet access networks such that we require the leased premises. We anticipate that we will proceed with obtaining leased premises after the completion our second network installation.

2. We plan to lease space and Internet related services from an equipment-hosting operator. We anticipate that we will require these services in order to house our network operations equipment. The services to be provided by the equipment-hosting operator would include access to dedicated authentication and network access servers, several varieties of web servers, dedicated e-mail services and specialized managed application servers. We anticipate based on our market research that we will be able to secure these hosting services in the Vancouver area for approximately \$500 per month. We will outsource these hosting activities to a third-party professional computer equipment hosting organization in order to minimize our investment in expensive equipment and facilities, including high-speed telecommunication lines, controlled-environment computer room and online and physical security. The timing of our entering into an agreement with an equipment-hosting operating will be dependent upon the rate that we are able to install additional Internet access networks. In order to minimize our operating expenses, we plan to defer entering into an agreement with an equipment-hosting operating until such time as we have expanded our business operations by installing additional number Internet access networks such that we require equipment-hosting services. We anticipate that we will proceed with the set up of a network operations center after the completion our third or fourth network installation.
3. We plan to expand the functionality of the management information systems that will be employed in our network operations centers in order to increase the sophistication of the billing options that we are able to offer to hotel properties. We plan to complete this expansion over the next twelve months as the number of Internet access networks that we have installed increases, provided we have sufficient financing to undertake this expansion.

Further information regarding the cost and the means of financing the costs associated with these elements of our planned business operations is provided in the section of this prospectus called Plan of Operations .

## **OUR MARKETING STRATEGY**

The initial principal component of our marketing strategy will be to use the completion of our initial hotel property network installation as a basis to secure additional Internet access network installation and operation contracts. We believe that hotel property owners will have a reluctance to enter into network installation and operation contracts with start-up companies that have not completed any network installations. Accordingly, we plan to use our initial hotel network installation to provide us with credibility that we can then leverage to negotiate network installation contracts with other hotel property owners in the Vancouver, British Columbia area.

We initially plan to conduct our marketing efforts using direct sales activities involving our directors and officers who will contact hotel property owners directly to discuss our Internet access network services and capabilities. We believe that we will need to establish direct contact between our directors and officers and hotel property owners as part of the initial marketing of our services and securing our initial network installation contracts. We plan to target hotel properties that are typically situated in the downtown areas of major cities and near airports. The targeted hotel properties will be typically financially stable, well established, and have high room utilization rates. Our objective will be able to secure installation contracts with hotel properties that will provide significant ongoing Internet usage by hotel guests and generate revenues from hotel guests utilizing our Internet access networks.

Our marketing efforts to date have been comprised of (i) negotiation of a hotel installation in June 2003 that did not proceed; (ii) negotiation of the Empire Landmark Hotel agreement; and (iii) preliminary discussions with the owners



of five hotel properties with whom we plan to pursue further discussions. These preliminary discussions have been carried out by Mr. Joseph Bowes, our president, with assistance from Dennis Tan on technical issues. These initial discussions were directed at the Internet access requirements of the hotel properties and our capabilities to install Internet access networks. We have submitted five proposals to date, of which one was the Empire Landmark Hotel. In general, we believe that hotel property owners will wait to see the degree of

success that we have with our Empire Landmark Hotel installation before committing to further discussions or negotiations. We have not had any negotiations for any agreements or entered into any agreements for any Internet access network installations, other than our agreement with the Empire Landmark Hotel. We plan of continuing these market efforts throughout the next twelve months, with a concentrated effort in the spring of 2004. We believe that a concentrated marketing effort in the spring of 2004 is necessary as hotel property owners are typically very busy during the summer months and we believe they will have little time to focus on the implementation and installation of an Internet access network solution during this period.

Our initial marketing efforts are targeted at our planned hotel niche and focus primarily on serving the Internet access needs of business travelers. Initial marketing efforts have been to target attractive hotel properties in the Vancouver, British Columbia area. If we are able to establish our business in the Vancouver British Columbia area, of which there is no guarantee, we plan on pursuing further sales growth in other targeted market niches in the Vancouver area and then elsewhere geographically, starting in southwestern British Columbia and then moving onto other major centers across Canada and in the United States. There is no assurance that we will be able to expand our business beyond the hotel property niche.

We believe that the performance of our specialized Internet access networks will be a key to our marketing efforts. Accordingly, we plan to invest significant funds in network software and hardware and we plan to keep current with the latest technology developments in the Internet access field. We plan to generate a strong demand for our Internet access networks by developing, expanding and optimizing our specialized Internet access network product and service offerings in order to better serve the needs of the business traveler. In this regard, we plan to:

- (a) Continually monitor, upgrade and modify our specialized Internet access networks in order to make each customer site visit experience as efficient, productive and enjoyable as possible.
- (b) Invest effectively in hardware, software and leased high-speed telecommunication lines in order to match available capacity to actual Internet usage patterns.
- (c) Deploy new and sophisticated software management and monitoring tools and technologies.
- (d) Contact our customers and hotel guests on a regular basis in order to obtain feedback regarding our Internet access services and to provide guidance our business strategies.

#### **TECHNOLOGY SOLUTIONS DEVELOPMENT**

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.

#### **OUR INTELLECTUAL PROPERTY**

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 face competition from companies that provide the following Internet access services to hotel properties:

1. We will face competition from established telecommunications providers that are able to provide DSL and cable Internet services to hotel properties. While these services are more expensive than the Internet access network services that we plan to offer, they offer proven technology solutions that hotel owners may be more familiar with. Hotel property owners may decide to proceed with these services rather than using our services notwithstanding the increased cost. Competitors in this market in the Vancouver region include the following companies:
  - a. Telus Corporation a major established national Canadian telecom firm providing DSL services, and;
  - b. Shaw Cable a major regional Canadian cable operator providing cable Internet services.
2. We will face competition from other Internet access network providers. As discussed, our technology solutions do not contain any proprietary components. Accordingly, other companies can and will design technology solutions that may enable them to provide Internet access solutions to hotel properties at costs that are less than conventional DSL and cable Internet services.
3. We will face competition from hot spot operators who target hotel properties. While we believe that present hot spot technologies alone are not suitable for providing Internet access to individual guest rooms in a large hotel property, they may be appropriate for large common areas such as lobbies and meeting/conference rooms. The decision of hotel property owners to permit hot spot operators to provide services at their hotels may result in less demand for our Internet access networks. Competitors in this market in the Vancouver area include the following companies:
  - a. FatPort, and;
  - b. Boingo Wireless.

As a general rule, we expect that all of our competitors will have greater financial resources than we do due to the start-up nature of our business. Accordingly, competitors may be able to develop Internet access solutions that are technically superior to our Internet access networks 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 to enter into agreements with start-up companies. 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.

## **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. Cyril Sacault, our user support manager. Each of Mr. Dennis Tan and Mr. Sacault provide their services to us on a contract basis through Nexgen Consulting Inc..

## **SUBSIDIARIES**

Our 51% interest in Nex Connectivity Solutions is owned by Gilder Tech Ventures Inc. ( Gilder Tech Ventures ), a Canadian federal corporation, that is our wholly owned subsidiary. We own all of the outstanding shares of Gilder Tech Ventures. We incorporated Gilder Tech Ventures for the purpose of owning our Canadian business interest in Nex Connectivity Solutions for tax and corporate purposes. Gilder Tech Ventures has no business operations, other than its ownership of our 51% interest in Nex Connectivity Solutions.

## **OUR PRIOR BUSINESS**

We were previously engaged in the business of mineral exploration. We entered into an option agreement with Rozemary Webb (the Optionor ) on June 26, 2002, whereby we acquired the option to acquire a 100% undivided interest in certain mining leases that had previously been mined on a small scale which are located in the Discovery Lake area of the Northwest Territories of Canada (the Mon Property ). Under the terms of the option agreement, we paid to Ms. Webb a total of \$10,000 CDN. Under the terms of the option agreement, we were entitled to earn a 100% interest in the Mon Property by completing the following:

1. Paying to the Optionor \$100,000 CDN as follows:
  - (A) \$10,000 upon execution of the option agreement;
  - (B) \$10,000 on or before December 31, 2003;
  - (C) \$25,000 on or before December 31, 2004;
  - (D) \$25,000 on or before December 31, 2005;
  - (E) \$30,000 on or before December 31, 2006; and

2. Incurring exploration expenditures of \$700,000 CDN on the Mon Property as follows:

(A) \$15,000 on or before December 31, 2003;

(B) an additional \$35,000 on or before December 31, 2004;

(C) an additional \$150,000 on or before December 31, 2005;

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(D) an additional \$500,000 on or before December 31, 2006; and

3. Executing a net smelter royalty agreement in favor of the Optionor.

We undertook an initial exploration program in 2002 which consisted of the following activities:

1. Review of existing geological reports on the Mon Property and research into related geology for the region conducted by a professional consulting geologist.
2. Site visit conducted by a professional consulting geologist to:
  - a. Investigate the validity of the concept of an additional mineralized zone on the property.
  - b. Locate, re-log and sample existing, on-site previously unsampled drill core that should intersect the proposed mineralized zone.
  - c. Trace and evaluate the possible north-northwest extension of a previously identified gold bearing structural zone.
  - d. Undertake a cursory evaluation of the existing tailings facility on the Mon Property and other possible environmental liabilities from prior mining operations.

3. Review and analysis of sample test results conducted by a professional consulting geologist.

We received a geological report on our exploration program. The geological report was prepared by Mr. Rex Pegg, of Pegg Geological Consultants Ltd., a professional consulting geologist, and concluded that the Mon Property did not warrant further exploration based on the results of the work undertaken.

Accordingly, we determined to abandon our Mon Property option in August 2002. The option agreement was terminated by us on August 21, 2002 in accordance with the terms of the option agreement. Once we made this determination, we commenced the process of targeting other mineral properties for exploration and development work. Our investigations in this regard proved unsuccessful and in early 2003 we abandoned the mineral exploration and development business altogether in favor of pursuing other business opportunities.

### **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.

### **REPORTS TO SECURITY HOLDERS**

At this time, we are not required to provide annual reports to security holders. We plan to file a registration statement with the Securities and Exchange Commission to become a reporting company under the Securities Exchange Act of 1934 concurrent with the effectiveness of this registration statement. We currently have no plans to provide security holders with annual reports or audited financial statements until such time as we become a reporting company under the Securities Exchange Act of 1934. Thereafter, we will file annual reports with the Securities and Exchange Commission which will include audited financial statements. We anticipate that we will deliver our annual reports with our audited financial statements to our security holders in connection with our annual general meetings. When we are a reporting company under the Securities Exchange Act of 1934, shareholders and the general public may view



and download copies of all of our filings with the SEC, including annual reports, quarterly reports, and all other reports required under the Securities Exchange Act of 1934, by visiting the SEC site (<http://www.sec.gov>) and performing a search of Gilder Enterprises, Inc. s electronic filings.

## PLAN OF OPERATIONS

Our plan of operations for the next twelve months is to complete the following objectives within the time period specified, subject to our obtaining the requisite financing where applicable:

1. 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. We anticipate that we will incur installation and commissioning costs in the range of \$44,000 to \$64,000 for these additional network installations and for additional network operations center equipment during this period. Our marketing efforts to date have been comprised of (i) negotiation of a hotel installation in June 2003 that did not proceed; (ii) negotiation of the Empire Landmark Hotel agreement; and (iii) preliminary discussions with the owners of five hotel properties with whom we plan to pursue further discussions. Our initial discussions were directed at the Internet access requirements of the hotel properties and our capabilities to install Internet access networks. We have submitted five proposals to date, of which one was the Empire Landmark Hotel. In general, we believe that hotel property owners will wait to see the degree of success that we have with our Empire Landmark Hotel installation before committing to further discussions or negotiations. We have not had any negotiations for any agreements or entered into any agreements for any Internet access network installations, other than our agreement with the Empire Landmark Hotel.
2. We plan to locate a network operations center at the facilities of a computer equipment hosting service provider. We plan to defer entering into an agreement with an equipment-hosting operating until such time as we have expanded our business operations by installing an additional number Internet access networks such that we require equipment-hosting services. We anticipate that we will proceed with the set up of a network operations center after the completion our third or fourth network installation. We anticipate we will spend approximately \$6,000 over the next twelve months for computer hosting services to be provided by a third party hosting provider for our network operations center.
3. We anticipate that we will proceed with the lease of approximately 300 square feet of packaged office premises after the completion of our second network installation. We anticipate we will spend approximately \$6,000 over the next twelve months in respect of the set up and operation of these leased offices. We plan to defer obtaining leased premises until such time as we have expanded our business operations by installing an additional number Internet access networks such that we require the leased premises.
4. We anticipate spending approximately \$60,000 on ongoing operating and administrative expenses. This amount includes an estimated \$6,000 for 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 \$5,000 per month. These ongoing expenses will include our administrative and technical operations and user support activities. These ongoing expenses will include costs attributable to expanding the functionality of the management information systems that will be employed in our network operations centers in order to increase the sophistication of the billing options that we are able to offer to hotel properties, as outlined above under the section of this prospectus entitled Description of Business Planned Business Operations .
5. We also anticipate spending approximately \$25,000 on legal and accounting professional fees that we will incur in filing a registration statement with the Securities and Exchange Commission under the Securities Act of 1933. We anticipate filing a registration statement under the Securities Exchange Act of 1934. Accordingly, we will incur ongoing reporting obligations under the Securities Exchange Act of 1934 once our registration statement is effective.

We anticipate we will be spending approximately \$141,000 to \$161,000 over the next twelve months in pursuing our plan of operations. Of these anticipated expenditures, we anticipate \$70,000 will be spent on our plan of operations in the next six months. Our cash position was \$44,938 as of February 29, 2004 and we had working capital of \$31,197 as

of February 29, 2004. We can maintain current operations for approximately six months based on current cash and working capital, however additional financing will be required in order to enable us to complete any additional internet access network installations. Accordingly, we anticipate that we will require

additional funding equal to approximately \$140,000 over the next twelve-month period in order to enable us to pursue our plan of operations.

We anticipate that our present cash reserves and working capital will not be sufficient for us to sustain our business operations over the next twelve months without additional financing, even if we are able to achieve revenues from our initial Empire Landmark Hotel contract. We anticipate that our financing requirements may increase if: (a) the costs of implementing our business plan are greater than anticipated; or (b) we are unsuccessful in earning sufficient revenues after commencement of the operations of our initial Internet access network in order to fund our plan of operations. 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.

We cannot be certain that we will achieve revenues or that any revenues that we do achieve will meet our expectations. Further, we cannot be certain that our expenditures will not be significantly higher than we have anticipated. Accordingly, there is no assurance that we will be able to meet our objectives to generate revenues or that we will have access to adequate capital resources on a timely basis, or at all, that will enable us to carry out our plan of operations. If revenues are less than anticipated or if expenses are greater than anticipated, then we will have to adjust our plan of operations to reduce our expenditures. In this case, then we would delay the hosting of our network operations center by a third party hosting service and our leasing of office space and would concentrate all of our resources on securing and completing installation contracts.

#### **BASIS OF PRESENTATION OF FINANCIAL INFORMATION**

Our consolidated financial statements are stated in US 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 February 29, 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 our accounts and those of our subsidiaries (including Nex Connectivity Solutions). Our consolidated income or losses are reduced by 5G Wireless's 49% minority interest share in the net income or loss of Nex Connectivity Solutions.

To February 29, 2004, Nex Connectivity Solutions has had minimal operational activity, which was limited to minor interest income and foreign exchange gains and losses, earning no revenue, incurring a loss of \$300 since inception and had net liabilities of \$375 at February 29, 2004. Hence, the impact of minority interest on our financial reporting to date has been insignificant.

#### **RESULTS OF OPERATIONS**

We have not earned any revenues to date. Our business plan is to earn revenues from Internet access fees paid by hotel guests for hotels where we have installed Internet access networks. We anticipate that revenues will be shared between ourselves and the hotel property owners based upon negotiated revenue sharing agreements. We anticipate that most

revenue sharing agreements will provide for minimum monthly revenue amounts payable to us in order to enable us to recover the cost of the network equipment and software and commissioning costs. Under the initial Empire Landmark Hotel contract, Nex Connectivity Solutions will be entitled to 85% of all revenues, being all payments received for use of the system less any refunds, and the hotel owner will be entitled to 15% of all revenues.

We incurred operating expenses in the amount of \$19,331 for the year ended May 31, 2003, excluding the effects of losses from our discontinued operations. For the nine-month period ended February 29, 2004 we

incurred further operating expenses of \$24,417 in securing our first Internet access network installation contract with the Empire Landmark Hotel and in connection with the preparation of the Form SB-2 registration statement of which this prospectus forms a part. Our operating expenses were comprised of start up expenses in connection with the establishment of our operations. We anticipate that our operating expenses will increase substantially over the next twelve-month period due to the fact that we plan to expand our business operations and we will be completing the filing of a registration statement with the Securities and Exchange Commission during this period.

We believe that our principal operating expenses will be characterized as follows:

- (a) We will incur general and administrative expenses that should consist primarily of corporate and administrative staffing costs, professional fees and rent and related office administration costs.
- (b) We will incur marketing and sales expenses that should consist primarily of sales and marketing employee staffing costs and travel expenses, sales materials, creative media and productions costs and advertising.
- (c) We will incur technical operations and user support expenses. These expenses should consist primarily of staffing costs for our technical operations and user support personnel. These technical operations and user support expenses will be incurred in connection with Internet access network installations and ongoing systems operations and telecommunications costs.
- (d) We will also realize depreciation expenses which should consist of non-cash, periodic charges that apply to the cost of site infrastructure, including server, network and telecommunications equipment and software systems, and also furniture, fixtures and office equipment. These assets will be depreciated over their useful lives.

We incurred a loss of \$37,773 (including a loss from discontinued operations of \$18,355) for the year ended May 31, 2003 and a loss of \$24,232 for the nine-month period ended February 29, 2004. Our net losses were attributable entirely to our operating expenses. We anticipate continuing operating losses in the foreseeable future as we carry out our business plan and incur increased operating expenses, as discussed above. The amount and the extent of our operating losses will depend on our success in implementing our business strategy.

## **FINANCIAL CONDITION AND LIQUIDITY**

We had cash of \$44,938 as of February 29, 2004 and working capital of \$31,197 as of February 29, 2004.

As discussed above under Plan of Operations, we anticipate that we will be spending approximately \$141,000 to \$161,000 over the next twelve-month period pursuing our plan of operations. Of these anticipated expenditures, we anticipate that \$70,000 will be spent on our plan of operations in the next six months.

We anticipate that our present cash reserves will be sufficient for us to complete our initial Empire Landmark Hotel network installation contract. However, our present cash reserves and working capital will not be sufficient for us to sustain our business operations over the next twelve months without additional financing or without substantial revenues from our initial contract. We anticipate that we may require additional financing in order to pursue our business plan if: (a) the costs of implementing our business plan are greater than anticipated; or (b) we are unsuccessful in earning sufficient revenues after commencement of the operations of our initial Internet access network in order to fund our plan of operations.

We have advanced \$25,500 to Nex Connectivity Solutions as of February 29, 2004 in order to fund its start-up operations and its initial Internet access network installation. We have not advanced any additional funds to Nex Connectivity Solutions since February 29, 2004. 5G Wireless has transferred equipment and software with fair value of \$10,000 to Nex Connectivity Solutions. There is no assurance that 5G Wireless will advance any additional funds to us. Such amounts are repayable on a non-interest bearing basis at the earlier of a discretionary repayment at the

option of Nex Connectivity Solutions or on departure as a Nex Connectivity Solutions shareholder.

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.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

#### **DISCONTINUED OPERATIONS**

We were originally incorporated to pursue mineral exploration and development business opportunities. We acquired an option to acquire an interest in the Mon Property in June 2002. We determined in January 2003 to abandon our mineral exploration and development business. Due to this discontinuation of our prior business, our results of operations for the year ended May 31, 2003 from continued operations reflects expenses associated with our current business activities from January 31, 2003 to May 31, 2003.

#### **Description Of Property**

We do not lease or own any real property. Our head office is located at the business premises of Angus Consulting Inc., a private company controlled by Mr. Joseph Bowes, our sole executive officer and director, at 3639 Garibaldi Drive, North Vancouver, British Columbia V7H 2W2, Canada. These services are provided pursuant to our management agreement with Angus Consulting Inc. 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.



### **Certain Relationships And Related Transactions**

None of the following parties has, since our date of incorporation, had any material interest, direct or indirect, in any transaction with us or in any presently proposed transaction that has or will materially affect us, other than noted in this section:

- Any of our directors or executive officers;
- Any person proposed as a nominee for election as a director;
- Any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to our outstanding shares of common stock;
- Any of our promoters;
- Any member of the immediate family, including spouse, parents, children, siblings, and in-laws, of any of the foregoing persons.

#### **Purchase of Common Stock by Directors**

Mr. Joseph G. Bowes, our president, secretary and treasurer and one of our directors, acquired 4,000,000 shares of our common stock in his own name at a price of \$0.001 per share on April 25, 2002. Mr. Bowes paid a total purchase price of \$4,000 for these shares. Francine Legault, wife of Joseph Bowes, purchased 1,000 shares for a total purchase price of \$250 on April 30, 2003. Mr. George Bowes and Ms. Alma Bowes, the parents of Joseph Bowes, each purchased 1,000 shares for a purchase price of \$250 on April 30, 2003.

Mr. Jun Nam (Johnny) Lee, one of our directors, purchased 187,500 shares of our common stock in his own name at a price of \$0.02 per share on June 18, 2002. Mr. Jun Nam Lee paid a total purchase price of \$3,750 for these shares. Mr. Mark Lee, the brother of Jun Nam (Johnny) Lee, one of our directors, purchased 187,500 shares of our common stock in his own name at a price of \$0.02 per share on June 18, 2002. Mr. Mark Lee paid a total purchase price of \$3,750 for these shares.

#### **Management and Administrative Services Agreement**

We have entered into a management and administrative services agreement dated April 1, 2004 with Angus Consulting Inc. ( Angus Consulting ), a company controlled by Mr. Joseph G. Bowes, our president, secretary and treasurer and one of our directors. This agreement replaces and supercedes the original management agreement between us and Angus Consulting dated July 1, 2002. The agreement is for a two-year term expiring March 30, 2006. Under the terms of the agreement, Angus Consulting is required to:

1. Provide the services of Joseph Bowes as our president to carry out the management and direction of our business, including retaining appropriate consultants, and managing, supervising and coordinating our business activities (the Angus Management Services ); and
2. Provide office administration services including telephone, fax and computer services related to the Angus Management Services (the Angus Administrative Services ).

We are obligated to pay Angus Consulting a consulting fee of \$900 per month on the first day of each month in consideration of Angus Consulting providing the Angus Management Services and the Angus Administrative Services. It is understood that the services to be provided by Bowes on behalf of Angus Consulting to us will account for approximately 15% of Mr. Bowes' business time. It is further agreed that, in the event that Mr. Bowes is required to spend more than 15% of this business time in providing the Angus Management Services, then the consulting fee will be increased to an amount equal to the fair market value of Mr. Bowes' services. In addition, we have agreed to reimburse Angus Consulting for its out-of-pocket expenses incurred in connection with rendering the services provided under the agreement.

**Nex Connectivity Solutions Joint Venture**

We entered into a joint venture agreement with 5G Wireless on May 25, 2003. The joint venture agreement was entered into with the intent to establishing businesses operated by jointly-owned corporations to carry out the joint venture business of providing high-speed Internet access to hotel and other targeted properties. The initial joint venture corporation that was incorporated to give effect to the joint venture's business purpose was Nex

Connectivity Solutions, a Canadian federal corporation. Nex Connectivity Solutions will carry out the joint venture's business operations in Canada. We entered into a shareholders agreement with 5G Wireless on May 25, 2003 that governs our ownership of Nex Connectivity Solutions. Our ownership interest in the Nex Connectivity Solutions is held through Gilder Tech Ventures Inc., our wholly-owned subsidiary. The terms of the joint venture agreement and the shareholders agreements with 5G are described in detail under the heading "Description of Business - Our Joint Venture."

We have agreed pursuant to the joint venture agreement and the shareholders agreement to advance up to \$40,000 to Nex Connectivity Solutions as a loan in order to fund its start-up operations and its initial Internet access network installation. In exchange, 5G Wireless has agreed to provide certain network hardware and software valued at \$10,000, (ii) the services of Dennis Tan and Hsein Loong Wong as employees to provide technical expertise and support (by further agreement, we and 5G Wireless have agreed that Mr. Cyril Sacault is to replace Mr. Wong); and (iii) a license of certain billing software developed by 5G wireless for the management of hotel Internet access networks. 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 Solutions. To February 29, 2004, we had advanced \$25,500 to Nex Connectivity Solutions as shareholders loans pursuant to the joint venture agreement and the shareholders agreement.

The services of Mr. Tan and Mr. Sacault are provided to Nex Connectivity Solutions pursuant to an agreement between us and 5G Wireless dated April 1, 2004. Under this agreement, 5G Wireless is required to provide the services of Mr. Tan and Mr. Sacault to Nex Connectivity Solutions in consideration of a fee of \$1,000 per month, based on two standard hotel properties being in operation. The fee of \$1,000 per month is fixed and is not dependent upon the actual amount of time spent by Mr. Tan and Mr. Sacault in providing the services. Standard hotel properties are defined in the agreement to be hotel properties with between 250 and 400 rooms, where all meeting rooms and the hotel lobby and approximately 20% of the rooms are serviced for Internet access. In addition, Nex Connectivity Solutions will pay \$1,000 per hotel property installation for project management services, assuming a standard hotel installation. 5G Wireless is responsible for ensuring that Mr. Tan and Mr. Sacault, or both, as appropriate, will be available either on-call or in-person as the circumstances may require, 24 hours a day - 7 days a week to deal with all Nex Connectivity Solutions related ongoing technical and operations requirements. Mr. Tan and Mr. Sacault are employees of Nexgen Consulting Inc., a private company owned by 5G Wireless and are not employees of either us or Nex Connectivity Solutions. Compensation payable to Mr. Tan and Mr. Sacault is payable directly by Nexgen Consulting Inc. to Mr. Tan and Mr. Sacault and it is the sole responsibility of 5G Wireless to ensure payment of all compensation due to Mr. Tan and Mr. Sacault.

#### **5G Wireless Loan**

5G Wireless has transferred equipment and software with fair value of \$10,000 to Nex Connectivity. As at February 29, 2004, this amount of \$10,000 was recorded as "Loans Payable" on our financial statements. These loans payable are non-interest bearing and repayable only when 5G Wireless ceases to be a shareholder of Nex Connectivity Solutions.

### **Market For Common Equity And Related Stockholder Matters**

#### **No Public Market for Common Stock**

There is presently no public market for our common stock. We anticipate making an application for trading of our common stock on the Over-The-Counter Bulletin Board upon the effectiveness of the registration statement of which this prospectus forms a part. However, we can provide no assurance that our shares will be traded on the bulletin board or, if traded, that a public market will materialize.

The Securities Exchange Commission has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than

securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the Commission, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b)

contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of Securities' laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type, size and format, as the Commission shall require by rule or regulation. The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those 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 acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock if it becomes subject to these penny stock rules. Therefore, if our common stock becomes subject to the penny stock rules, stockholders may have difficulty selling those securities.

### **Holders of Our Common Stock**

As of the date of this registration statement, we had one hundred six (106) registered shareholders.

### **Rule 144 Shares**

A total of 7,750,000 shares of our common stock are available for resale to the public in accordance with the volume and trading limitations of Rule 144 of the Securities Act of 1933.

In general, under Rule 144 as currently in effect, a person who has beneficially owned shares of a company's common stock for at least one year is entitled to sell within any three month period a number of shares that does not exceed the greater of:

1. One percent of the number of shares of the company's common stock then outstanding, which, in our case, will equal approximately 78,550 shares as of the date of this prospectus; or
2. The average weekly trading volume of the company's common stock during the four calendar weeks preceding the filing of a notice on form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about the company.

Under Rule 144(k), a person who is not one of the company's affiliates at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

As of the date of this prospectus, persons who are our affiliates hold 4,188,500 of the total shares that may be sold pursuant to Rule 144.

### **Stock Option Grants**

To date, we have not granted any stock options.

Explanation of Responses:

**Registration Rights**

We have not granted registration rights to the selling shareholders or to any other persons.

We are paying the expenses of the offering because we seek to: (i) become a reporting company with the Commission under the Securities Exchange Act of 1934; and (ii) enable our common stock to be traded on the Over-The-Counter Bulletin Board. We plan to file a Form 8-A registration statement with the Commission prior to the effectiveness of the Form SB-2 registration statement. The filing of the Form 8-A registration statement will cause us to become a reporting company with the Commission under the 1934 Act concurrently with the effectiveness of the Form SB-2 registration statement. We must be a reporting company under the 1934 Act in order that our common stock is eligible for trading on the Over-The-Counter Bulletin Board. We believe that the registration of the resale of shares on behalf of existing shareholders may facilitate the development of a public market in our common stock if our common stock is approved for trading on the Over-The-Counter Bulletin Board.

We consider that the development of a public market for our common stock will make an investment in our common stock more attractive to future investors. In the near future, in order for us to continue with our plan of operations, we will need to raise additional capital. We believe that obtaining reporting company status under the 1934 Act and trading on the OTCBB should increase our ability to raise these additional funds from investors.

### Dividends

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.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

### EQUITY COMPENSATION PLAN INFORMATION

We have one equity compensation plan under which shares of our common stock have been authorized for issuance to our officers, directors, employees and consultants, namely our 2003 Stock Option Plan. Our 2003 Stock Option Plan has been approved by our shareholders. We do not have any equity compensation plans that have not been approved by our shareholders.

The following summary information is presented for our 2003 Stock Option Plan as of our fiscal year end of May 31, 2003.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in column (a))
Plan Category	(a)	(b)	(c)
	NIL	Not Applicable	400,000 Shares

Equity Compensation Plans Approved By Security Holders			
Equity Compensation Plans Not Approved By Security Holders	Not Applicable	Not Applicable	Not Applicable



**Executive Compensation****Summary Compensation Table**

The table below summarizes all compensation awarded to, earned by, or paid to our chief executive officer, Mr. Joseph Bowes, for all services rendered in all capacities to us for the fiscal year ended May 31, 2003. We do not have any other executive officers other than Mr. Bowes.

Name	Title	Year	Annual Compensation			Long Term Compensation			
			Salary	Bonus	Other Annual Compensation	Restricted Stock Awarded	Options/* SARs (#)	LTIP payouts (\$)	All Other Compensation
Joseph G. Bowes <sup>(1)</sup>	President,	2003	\$0	0	\$9,900(1)	0	0	0	0
	Secretary, Treasurer, CEO, CFO and Director	2002	\$0	0	0	0	0	0	0

- (1) We paid \$9,900 to Angus Consulting Inc., a private company controlled by Mr. Joseph Bowes, our sole executive officer, as fees for management and administrative services rendered in the year ended May 31, 2003. These fees were paid pursuant to a management services agreement dated July 1, 2002 between us and Angus Consulting Inc. Pursuant to this same agreement, for the nine-month period ended February 29, 2004 a further \$8,100 owing to Angus Consulting Inc. has been accrued. These amounts do not include expenses for which we reimbursed Angus Consulting for under the management services agreement. All amounts have been paid or are payable to Angus Consulting Inc. We have not paid and have no obligation to pay any compensation directly to Mr. Bowes. Management services provided under the management services agreement included the provision of Mr. Bowes to carry out the management and direction of our business. Administrative services provided under the management services agreement included telephone, fax and computer services related to the management services. The management and administrative services provided pursuant to the management services agreement are described in further detail below under the heading Management Agreement .

**Stock Option Grants**

We did not grant any stock options to any of our executive officers since our inception.

**Stock Option Grants**

We did not grant any stock options to any of our executive officers during the period from our inception to our most recent fiscal year ended May 31, 2003. We have also not granted any stock options to any of our executive officers since May 31, 2003.

**Exercises Of Stock Options And Year-End Option Values**

No stock options have been exercised by any of our executive officers during the period from our inception to our most recent fiscal year ended May 31, 2003. No stock options have been exercised by any of our executive officers since May 31, 2003.

**Management and Administrative Services Agreement**

Explanation of Responses:

We have entered into a management and administrative services agreement dated April 1, 2004 with Angus Consulting, a company controlled by Mr. Joseph G. Bowes, our president, secretary and treasurer and one of our directors. This agreement replaces and supercedes the original management agreement between us and

Angus Consulting dated July 1, 2002. The agreement is for a two-year term expiring March 30, 2006. Under the terms of the agreement, Angus Consulting is required to:

3. Provide the services of Joseph Bowes as our president to carry out the management and direction of our business, including retaining appropriate consultants, and managing, supervising and coordinating our business activities (the Angus Management Services ); and
4. Provide office administration services including telephone, fax and computer services related to the Angus Management Services (the Angus Administrative Services ).

We are obligated to pay Angus Consulting a consulting fee of \$900 per month on the first day of each month in consideration of Angus Consulting providing the Angus Management Services and the Angus Administrative Services. It is understood that the services to be provided by Bowes on behalf of Angus Consulting to us will account for approximately 15% of Mr. Bowes' business time. It is further agreed that, in the event that Mr. Bowes is required to spend more than 15% of this business time in providing the Angus Management Services, then the consulting fee will be increased to an amount equal to the fair market value of Mr. Bowes' services. In addition, we have agreed to reimburse Angus Consulting for its out-of-pocket expenses incurred in connection with rendering the services provided under the agreement.

We do not pay any additional amount to Mr. Bowes in consideration for his services, other than amounts paid to Angus Consulting in accordance with our agreement with Angus Consulting.

#### **COMPENSATION OF DIRECTORS**

We do not pay our directors any fees or other compensation for acting as directors. We may grant options to our directors purchase shares of our common stock, however we have not granted any options to date. Our 2003 Stock Option Plan permits the grant of options for the purchase of shares of our common stock to our directors and officers.

**Financial Statements**

The following financial statements of :

1. Auditors Report;
2. Unaudited and audited financial statements for the nine-month period ended February 29, 2004 and the year ended May 31, 2003, including:
  - a. Consolidated Balance Sheets as at February 29, 2004 (unaudited) and May 31, 2003 (audited);
  - b. Consolidated Statements of Operations for:
    - (ii) the nine months ended February 29, 2004 (unaudited);
    - (iii) the nine months ended February 28, 2003 (unaudited);
    - (iv) the period ended May 31, 2003 (audited);
    - (v) the period ended May 31, 2002 (audited); and
    - (vi) the period from April 25, 2002 (inception) to February 29, 2004 (cumulative, unaudited); and
    - (vii) the period from April 25, 2002 (inception) to May 31, 2003 (cumulative, audited);
  - c. Consolidated Statements of Changes in Stockholders Equity for:
    - (i) the period from April 25, 2002 (inception) to May 31, 2002 (audited);
    - (ii) the period from May 31, 2002 to May 31, 2003 (audited); and
    - (iii) the nine months from February 29, 2004;
  - d. Consolidated Statements of Cash Flows for:
    - (i) the nine months ended February 29, 2004 (unaudited);
    - (ii) the nine months ended February 28, 2003 (unaudited);
    - (iii) the period ended May 31, 2003 (audited);
    - (iv) the period ended May 31, 2002 (audited); and
    - (v) the period from April 25, 2002 (inception) to February 29, 2004 (cumulative, unaudited); and
    - (vi) the period from April 25, 2002 (inception) to May 31, 2003 (cumulative, audited);
  - e. Summary of Significant Accounting
  - f. Notes to Financial Statements.

**Changes In And Disagreements With Accountants**

Explanation of Responses:

We have had no changes in or disagreements with our accountants.

**Gilder Enterprises, Inc.**  
(A Development Stage Company)

**Consolidated Financial Statements**  
**February 29, 2004 (unaudited) and May 31, 2003**  
(Stated in US Dollars)

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**Gilder Enterprises, Inc.**  
(A Development Stage Company)

**Consolidated Financial Statements**  
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**Independent Auditors Report**

**To the Directors and Stockholders of  
Gilder Enterprises, Inc.  
(A Development Stage Company)**

We have audited the Consolidated Balance Sheets of Gilder Enterprises, Inc. (a development stage company) as at May 31, 2003 and the related Consolidated Statements of Operations, Changes in Stockholders Equity and Cash Flows for the year ended May 31, 2003, the period from April 25, 2002 (inception) to May 31, 2002 and the cumulative period from April 25, 2002 (inception) to May 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gilder Enterprises, Inc. as of May 31, 2003 and the results of its operations and its cash flows for the year ended May 31, 2003, the period from April 25, 2002 (inception) to May 31, 2002 and the cumulative period from April 25, 2002 (inception) to May 31, 2003 in accordance with United States generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company was recently incorporated, has no established source of revenue and has accumulated operating losses of \$40,704 since its inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 1. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**/s/ BDO Dunwoody LLP**

Chartered Accountants

Vancouver, Canada  
June 20, 2003



**Gilder Enterprises, Inc.**  
**(A Development Stage Company)**

**Consolidated Balance Sheets**  
**(Stated in US Dollars)**

	<b>February 29</b>	<b>May 31</b>
	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 44,938	\$ 57,581
Receivables	1,027	-
	<b>45,965</b>	57,581
<b>Prepaid equipment deposits (Note 4)</b>	<b>2,212</b>	16,724
<b>Computer equipment and software (Note 5)</b>	<b>16,905</b>	-
<b>Total Assets</b>	<b>\$ 65,082</b>	<b>\$ 74,305</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 13,268	\$ 8,074
Due to related party (Note 2)	1,500	1,500
	<b>14,768</b>	9,574
<b>Loans payable (Note 4(a))</b>	<b>10,000</b>	-
	<b>24,768</b>	9,574
<b>Minority interest in Nex Connectivity Solutions Inc.</b>	-	185
<b>Stockholders equity</b>		
Share capital		
Authorized		
100,000,000 shares of preferred stock, par value \$0.001 per share		
100,000,000 shares of common stock, par value \$0.001 per share		
Issued		
7,855,000 (May 31, 2003 7,855,000) shares of common stock	<b>7,855</b>	7,855
Additional paid-in capital	<b>97,395</b>	97,395
Deficit accumulated in the development stage	<b>(64,936)</b>	(40,704)
	<b>40,314</b>	64,546
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 65,082</b>	<b>\$ 74,305</b>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Gilder Enterprises, Inc.**  
**(A Development Stage Company)**

**Consolidated Statements of Operations**  
**(Stated in US Dollars)**

	<b>Nine months ended</b>		<b>Period ended</b>		<b>April 25</b>	<b>April 25</b>
	<b>February</b>	<b>February</b>	<b>May 31</b>		<b>(inception) to</b>	<b>(inception) to</b>
	<b>29</b>	<b>28</b>	<b>2003</b>	<b>2002</b>	<b>May 31</b>	<b>February 29</b>
	<b>2004</b>	<b>2003</b>	<b>(12</b>	<b>(5 weeks)</b>	<b>2003</b>	<b>2004</b>
	<b>(Unaudited)</b>		<b>months)</b>		<b>(Cumulative)</b>	<b>(Cumulative)</b>
					<b>(Unaudited)</b>	
<b>Operating Expenses</b>						
Professional fees	\$ 15,032	\$ 741	\$ 8,916	\$ -	\$ 8,916	\$ 23,948
Office and administrative services	9,385	7,239	10,415	-	10,415	19,800
<b>Total operating expenses</b>	<b>(24,417)</b>	<b>(7,980)</b>	<b>(19,331)</b>	<b>-</b>	<b>(19,331)</b>	<b>(43,748)</b>
<b>Other income</b>						
Interest	-	29	61	-	61	61
	<b>(24,417)</b>	<b>(7,951)</b>	<b>(19,270)</b>	<b>-</b>	<b>(19,270)</b>	<b>(43,687)</b>
<b>Minority interest</b>	<b>185</b>	<b>-</b>	<b>(148)</b>	<b>-</b>	<b>(148)</b>	<b>37</b>
<b>Loss from continued operations</b>	<b>(24,232)</b>	<b>(7,951)</b>	<b>(19,418)</b>	<b>-</b>	<b>(19,418)</b>	<b>(43,650)</b>
<b>Loss from discontinued operations</b>						
(Note 6)	-	(18,355)	(18,355)	(2,931)	(21,286)	(21,286)
<b>Net loss for the period</b>	<b>\$ (24,232)</b>	<b>\$ (26,306)</b>	<b>\$ (37,773)</b>	<b>\$ (2,931)</b>	<b>\$ (40,704)</b>	<b>\$ (64,936)</b>

**Basic and diluted loss per share**

- continued operations	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ -	\$ (0.00)	\$ (0.01)
- discontinued operations	-	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

**Weighted average outstanding shares**

<b>shares</b>	<b>7,855,000</b>	<b>7,571,429</b>	<b>7,607,500</b>	<b>4,000,000</b>	<b>7,267,169</b>	<b>7,518,889</b>
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The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Gilder Enterprises, Inc.**  
**(A Development Stage Company)**

**Consolidated Statement of Changes in Stockholders' Equity**  
**(Stated in US Dollars)**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated in the Development Stage	Total Stockholders Equity
Issued on April 25, 2002 (inception) at \$0.001 per share	4,000,000	4,000	-	-	4,000
Net loss for the period	-	-	-	(2,931)	(2,931)
Balance, May 31, 2002	4,000,000	4,000	-	(2,931)	1,069
Issued in June 2002 at \$0.02 per share	3,750,000	3,750	71,250	-	75,000
Issued in May 2003 at \$ 0.25 per share	105,000	105	26,145	-	26,250
Net loss for the year	-	-	-	(37,773)	(37,773)
Balance, May 31, 2003	7,855,000	7,855	97,395	(40,704)	64,546
Net loss for the period	-	-	-	(24,232)	(24,232)
<b>Balance, February 29, 2004 (unaudited)</b>	<b>7,855,000</b>	<b>\$ 7,855</b>	<b>\$ 97,395</b>	<b>\$ (64,936)</b>	<b>\$ 40,314</b>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Gilder Enterprises, Inc.**  
**(A Development Stage Company)**

**Consolidated Statements of Cash Flows**  
**(Stated in US Dollars)**

	<b>Nine months ended</b>		<b>Period ended</b>		<b>April 25</b>	<b>April 25</b>
	<b>February</b>	<b>February</b>	<b>May 31</b>		<b>(inception) to</b>	<b>(inception) to</b>
	<b>29</b>	<b>28</b>	<b>May 31</b>		<b>May 31</b>	<b>February 29</b>
	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	<b>(Unaudited)</b>		<b>(12</b>	<b>(5 weeks)</b>	<b>(Cumulative)</b>	<b>(Cumulative)</b>
			<b>months)</b>			<b>(Unaudited)</b>
<b>Cash provided by (used in)</b>						
<b>Operating activities</b>						
Net loss from continued operations	\$ (24,232)	\$ (7,951)	\$ (19,418)	\$ -	\$ (19,418)	\$ (43,650)
Adjustments to reconcile loss from continued operations to cash						
used in operating activities						
Minority interest	(185)	-	148	-	148	(37)
Increase in receivables	(519)	-	-	-	-	(519)
Increase in accounts payable						
payable and accrued liabilities	5,194	380	8,074	-	8,074	13,268
Cash used in continued operations	(19,742)	(7,571)	(11,196)	-	(11,196)	(30,938)
Cash used in discontinued operations	-	(21,254)	(21,254)	(32)	(21,286)	(21,286)
	(19,742)	(28,825)	(32,450)	(32)	(32,482)	(52,224)
<b>Financing activities</b>						
Shares issued for cash	-	75,000	101,250	4,000	105,250	105,250
Increase in due to related party	-	-	-	1,500	1,500	1,500
Investment by minority interest	-	-	37	-	37	37
	-	75,000	101,287	5,500	106,787	106,787
<b>Investing activities</b>						
Prepaid equipment deposits	14,004	-	(16,724)	-	(16,724)	(2,720)
Purchase of computer equipment and						
Software	(6,905)	-	-	-	-	(6,905)
	7,099	-	(16,724)	-	(16,724)	(9,625)

<b>Net increase (decrease) in cash</b>	<b>(12,643)</b>	46,175	52,113	5,468	57,581	44,938
<b>Cash, beginning of period</b>	<b>57,581</b>	5,468	5,468	-	-	-
<b>Cash, end of period</b>	<b>\$ 44,938</b>	\$ 51,643	\$ 57,581	\$ 5,468	\$ 57,581	\$ 44,938

**Supplemental information**

Interest and taxes paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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The following transactions which did not result in cash flows have been excluded from financing and investing activities

Transfer of assets for debt (Note 4(a))	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
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Prepaid equipment deposits to be

refunded (Note 4(c))	\$ 508	\$ -	\$ -	\$ -	\$ -	\$ 508
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The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Gilder Enterprises, Inc.**  
**(A Development Stage Company)**

**Summary of Significant Accounting Policies**  
**(Stated in US Dollars)**

**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**Basis of Presentation** These financial statements are stated in US dollars and are prepared in accordance with US generally accepted accounting principles. The Company is currently in the development stage and presents its financial statements in accordance with Statement of Financial Accounting Standard ( SFAS ) No. 7, Accounting and Reporting by Development Stage Enterprises .

Included in the financial statements are the accounts of the Company and its subsidiaries Gilder Tech Ventures Inc. (incorporated on March 26, 2003, wholly-owned) and Nex Connectivity Solutions Inc. (incorporated on March 25, 2003, 51% owned (Note 4)).

All significant intercompany transactions and balances have been eliminated on consolidation.

**Unaudited Interim Information** In the opinion of the Company s management, the balance sheet as of February 29, 2004 and the statements of operations, changes in stockholders equity and cash flows for the nine-month periods ended February 29, 2004 and February 28, 2003 contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. The results of operations for the nine-month periods ended February 29, 2004 and February 28, 2003 are not necessarily indicative of the results for any other periods.

**Use of Estimates** The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management s best estimates as additional information becomes available in the future.

**Income Taxes** The Company follows the provisions of SFAS No. 109, Accounting for Income Taxes , which requires the Company to recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company s financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted rates in effect in the years in which the differences are expected to reverse.

**Financial Instruments** The Company s financial instruments consist of cash, receivables, accounts payable and accrued liabilities, amounts due to related party and loans payable. Unless otherwise noted, it is management s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments, except for loans payable, approximate their carrying values due to the short-term or demand nature of the instruments. The fair value of the loans payable

in connection with the transfer of assets approximates the transfer price.

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**Summary of Significant Accounting Policies**  
(Stated in US Dollars)**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**Loss Per Share** Loss per share is computed in accordance with SFAS No. 128, Earnings Per Share. Basic loss per share is calculated by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted loss per share equals basic loss per share for the periods presented in these financial statements because there are no common stock equivalents.

**Computer equipment and software** Computer equipment and software are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is computed using the declining-balance method over the estimated useful lives of the assets as follows:

Computer equipment	30%
Software	50%

As the Company has only recently entered into a contract to provide high-speed Internet access services to an established hotel property and its guests in Vancouver, Canada (Note 4), it had no active operations. As a result, no depreciation has been recorded for the nine-month period ended February 29, 2004.

**Revenue Recognition** Revenue from Internet access service will be recognized when the service is provided. Proceeds from the sale of prepaid access cards will be deferred and recorded as customer deposits until such time as the service is provided and the revenue earned.

**Foreign Currency Translation and Transactions** The Company's functional currency is the United States dollar, however, the functional currency of both of its subsidiaries is the Canadian dollar as substantially all of their operations are in Canada.

Assets and liabilities of subsidiary operations denominated in a foreign currency are translated into US dollars at the exchange rate in effect at the period end. Revenue and expenses are translated at the average rates of exchange prevailing during the periods. The cumulative effects of these translation adjustments will be included in the Accumulated Other Comprehensive Loss account in Stockholders' Equity. Because the Canadian subsidiaries were only recently incorporated, as at February 29, 2004 and May 31, 2003, the accumulated other comprehensive loss was \$Nil.

Transactions conducted in currencies other than the respective functional currency are recorded using the exchange rate in effect on the transaction date. At the period end, monetary assets and liabilities are translated to the functional currency using the exchange rate in effect at the period end date. Transaction gains and losses are recorded in the Statement of Operations.



**Summary of Significant Accounting Policies**  
**(Stated in US Dollars)**

**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**Comprehensive Income**      The Company has adopted SFAS No. 130, "Reporting Comprehensive Income", which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. The Company will be disclosing this information on its Statements of Operations and Changes in Stockholders' Equity. Comprehensive income is comprised of net income (loss) and all changes to stockholders' equity except those resulting from investments by owners and distributions to owners. Comprehensive loss equals the reported net loss for the periods presented.

**New Accounting Pronouncements**      In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 ( FIN No. 46 ), "Consolidation of Variable Interest Entities, an Interpretation of ARB 51." The primary objectives of FIN No. 46 are to provide guidance on the identification of entities for which control is achieved through means other than voting rights (variable interest entities or "VIEs") and how to determine when and which business enterprise should consolidate the VIE. This new model for consolidation applies to an entity for which either: (1) the equity investors do not have a controlling financial interest; or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN No. 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. As amended in December 2003, the effective dates of FIN No. 46 for public entities that are small business issuers, as defined ("SBIs"), are as follows: (a) For interests in special-purpose entities: periods ended after December 15, 2003; and (b) For all other VIEs: periods ending after December 15, 2004. The December 2003 amendment of FIN No. 46 also includes transition provisions that govern how an SBI which previously adopted the pronouncement (as it was originally issued) must account for consolidated VIEs.

The implementation of this new standard is not expected to have a material effect on the Company's financial statements

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**Summary of Significant Accounting Policies**  
**(Stated in US Dollars)**

**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**New Accounting  
Pronouncements -  
Continued**

On May 15, 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring those instruments to be classified as liabilities (or assets in some circumstances) in the statement of financial position. Further, SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. SFAS No. 150 affects an entity's classification of the following freestanding instruments: a) Mandatorily redeemable instruments b) Financial instruments to repurchase an entity's own equity instruments c) Financial instruments embodying obligations that the issuer must or could choose to settle by issuing a variable number of its shares or other equity instruments based solely on (i) a fixed monetary amount known at inception or (ii) something other than changes in its own equity instruments d) SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. The guidance in SFAS No. 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003.

The implementation of this new standard did not have a material effect on the Company's financial statements.

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**Notes to the Consolidated Financial Statements**  
**(Stated in US Dollars)**

**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**1. Nature of Business and Ability to Continue Operations**

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 January 2003, the Company abandoned its mineral exploration activities. In May 2003, the Company entered into an agreement with a Singapore company whereby the Company and the Singapore company would pursue opportunities to provide high speed Internet access to hotel and other targeted properties. Pursuant to the agreement, the Company has become a 51% stockholder in Nex Connectivity Solutions Inc. ( Nex Connectivity , a newly incorporated company) while the Singapore company controls the remaining 49% of shares of the subsidiary (Note 4).

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has no established source of revenue, and accumulated operating losses from inception to February 29, 2004 and May 31, 2003 of \$64,936 and \$40,704, respectively. The continuation of the Company is dependent upon achieving a profitable level of operations as well as obtaining further long-term financing. Management plans to raise equity capital to finance the operations and capital requirements of the Company. The Company has committed all of its net working capital to complete the development of the Company s business plan. It plans to undertake the design, installation and operation of Internet access network(s) and necessary marketing efforts to commence the operation of its newly chosen line of business and to secure further long-term financing. While the Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds that will be available to sustain operations.

These conditions raise substantial doubt about the Company s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty.

**2. Due to Related Party**

Amounts due to the Company s president are unsecured, non-interest bearing and repayable on demand.

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**Notes to the Consolidated Financial Statements**  
**(Stated in US Dollars)**

**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**3. Stock Option Plan**

In 2003, the Stockholders approved the 2003 Stock Option Plan ( the Plan ) for directors, officers, and employees of the Company and its subsidiaries. The maximum number of common shares to be issued under the Plan initially is 400,000 shares of common stock, provided that the number of common shares that may be reserved for exercise of options granted to any person shall not be at any given time more than 3% of the Company's issued shares. Under the Plan, stock options are granted at the discretion of the Board of Directors. Options granted must be exercised no later than ten years (five years in the case of an incentive stock option granted to a holder of 10% of the Company's common stock) after the date of the grant or such lesser periods as any applicable regulations may require, unless otherwise specified. Unless otherwise specified, options granted vest at the rate of not less than 20% per year such that they are fully vested on the date which is no later than five years after the date of grant. The aggregate fair market value of the common stock issued with respect to the exercising of incentive options by a holder shall not exceed \$100,000 per calendar year. For incentive options or any options granted to qualified employees, the exercise price shall not be less than the fair market value of the Company's common stock on the grant date. (In the case of options granted to a holder of more than 10% of the Company's common stock, the option price must not be less than 110% of the market value of the common stock on the grant date.)

No options have been granted from inception through February 29, 2004.

**4. Commitments**

- a) Agreement with 5G Wireless Communications Pte Ltd. ( 5G Wireless )

On May 25, 2003, the Company entered into a Shareholders Agreement with 5G Wireless, a Singapore incorporated company of which a former director of the Company is the president and a director. The Company entered into the agreement to pursue a business opportunity of providing high-speed Internet access to hotel and other targeted properties. Nex Connectivity, a Canadian company was incorporated to give effect to the business purpose. Pursuant to the Shareholders Agreement, the Company owns 51% of the shares (with an initial capital subscription of C\$51 for 51 common shares) and 5G Wireless owns the remaining 49% (with an initial capital subscription of C\$49 for 49 common shares).

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**Notes to the Consolidated Financial Statements**  
(Stated in US Dollars)**Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited**

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**4. Commitments - Continued**

The Company has agreed pursuant to a shareholders' agreement with 5G Wireless to provide management services and advance up to \$40,000 on a non-interest bearing basis to Nex Connectivity as a loan in order to fund its start-up operations and its initial Internet access network installation. 5G Wireless has agreed to sell to Nex Connectivity (i) certain network hardware and software valued at \$10,000 to be repaid in the future on a non-interest bearing basis (ii) the technical expertise and support of its employees, and (iii) a license of certain software developed by 5G Wireless for the management of the Internet access networks. 5G Wireless and its President have each provided a guarantee of repayment of the loan advances to be made under the shareholders' agreement. These guarantees are in turn supported by corresponding general security agreements. To February 29, 2004, the Company had advanced \$25,500 (May 31, 2003 - \$25,500) to Nex Connectivity as a loan pursuant to the Shareholders Agreement. Such amount has been eliminated on consolidation. The Shareholders Agreement requires that 5G Wireless provide the hardware and software equipment as well as the license of the software to Nex Connectivity in the first quarter of the 2004 fiscal year. Accordingly, as at February 29, 2004, \$10,000 was recorded as Loans Payable in connection with the transfer of assets to Nex Connectivity by 5G Wireless. Pursuant to the Shareholders Agreement these loans payable are non-interest bearing and are repayable only when 5G Wireless ceases to be a shareholder of Nex Connectivity.

**b) Management Services Agreement**

The Company has entered into a Management Services Agreement with a company controlled by the Company's President. Under the terms of the Management Services Agreement, the Company has agreed to pay a fee of \$900 per month for a two-year term ending June 30, 2004, in consideration for management and administrative services.

During the year ended May 31, 2003, the Company paid \$9,900 (2002 - \$Nil) in fees under the Management Services Agreement. During the nine months ended February 29, 2004, the Company accrued \$8,100 (nine months ended February 28, 2003 - \$7,200) in fees under this agreement and \$8,100 (May 31, 2003 - \$Nil) was outstanding as at February 29, 2004.

**c) Prepaid equipment deposits**

In February 2004, the Company, through Nex Connectivity, entered into an agreement with a company holding a Vancouver hotel property to provide high speed Internet connectivity for the hotel and its guests. In addition to the computer equipment and software programs on hand as at February 29, 2004, the Company plans to acquire approximately \$7,500 of additional equipment, services and promotional materials for this hotel property account. Of this amount, as at February 29, 2004, a total of \$2,212 (May 31, 2003 - \$16,724) had already been paid to suppliers as a deposit on equipment and services that the Company plans to utilize in the pending installation. In the event that the Company terminates the Internet services agreement before March 1, 2007, the hotel will be entitled to keep all of the equipment and associated assets installed in the premises at no additional cost.

During the nine months ended February 29, 2004, the Company received a refund of all but \$508 of the prepaid equipment deposits recorded at May 31, 2003 from the suppliers as the Company was unsuccessful in obtaining final approval of the original service contract with another hotel property. The remaining balance of \$508 was included in Receivables at February 29, 2004.

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Notes to the Consolidated Financial Statements  
(Stated in US Dollars)

Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited

## 5. Computer equipment and software

	Cost	Accumulated depreciation	February 29 2004
Computer equipment	\$ 11,405	\$ -	\$ 11,405
Software	5,500	-	5,500
	\$ 16,905	\$ -	\$ 16,905

The Company owned no computer equipment and software at May 31, 2003.

## 6. Discontinued Operations

The Company was originally incorporated 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, the Company terminated the option agreement and discontinued pursuit of its original mineral exploration activities. In May 2003, the Company entered into an agreement to pursue opportunities to provide high speed Internet access to hotel and other targeted properties.

To the date of abandoning its original business activities the Company had earned no revenues. Accordingly, all of the expenses for its discontinued operations, as summarized and under-noted below, are included as a single line item on the Statement of Operations. There were no assets or liabilities pertaining to the mineral exploration business on hand at February 29, 2004 and May 31, 2003.

	Nine months ended			
	February 29 2004	February 28 2003	May 31 2003 (12 months)	May 31 2002 (5 weeks)
Exploration				
Property research	\$ -	\$ 1,715	\$ 1,715	\$ -
Fieldwork accommodation	-	2,264	2,264	-
Fieldwork meals and supplies	-	931	931	-
Fieldwork geologist	-	4,223	4,223	-
Fieldwork sample transport and testing	-	1,136	1,136	-
Fieldwork medivac and medical	-	1,189	1,189	-
	-	11,458	11,458	-
Property costs option expense	-	6,730	6,730	-
Office, legal and other costs	-	167	167	2,931
Discontinued operations expense	\$ -	\$ 18,355	\$ 18,355	\$ 2,931

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Notes to the Consolidated Financial Statements  
(Stated in US Dollars)

Information related to the nine months ended February 28, 2003 and subsequent to May 31, 2003 is unaudited

## 7. Income Taxes

The tax effects of temporary differences that give rise to the Company's deferred tax assets are as follows:

	February 29 2004	May 31 2003
Net losses carried forward	\$ 22,078	\$ 13,839
Valuation allowance	(22,078)	(13,839)
Deferred tax asset (liability)	\$ -	\$ -

The provision for income taxes differ from the amount computed using the federal statutory income tax rate as follows:

	Nine months ended			
	February 29 2004	February 28 2003	May 31 2003 (12 months)	May 31 2002 (5 weeks)
Provision (benefit) at the federal statutory rate	\$ (8,239)	\$ (8,944)	\$ (12,842)	\$ (997)
Increase in valuation allowance	8,239	8,944	12,842	997
	\$ -	\$ -	\$ -	\$ -

At May 31, 2003, the Company had losses available for income tax purposes of approximately \$41,000 (2002 - \$3,000) which, if not used, will expire in 2022 and 2023.

The Company evaluates its valuation allowance requirements based on projected future operations. Management has recorded a valuation allowance because it believes it is more likely than not that the future income tax benefits of the current loss will not be realized. When circumstances change and this causes a change in management's judgement about the recoverability of deferred tax assets, the impact of the change on the valuation allowance will be reflected in current income.

**Where You Can Find More Information**

We have filed a registration statement on Form SB-2 under the Securities Act of 1933 with the Securities and Exchange Commission with respect to the shares of our common stock offered through this prospectus. This prospectus is filed as a part of that registration statement, but does not contain all of the information contained in the registration statement and exhibits. Statements made in the registration statement are summaries of the material terms of the referenced contracts, agreements or documents of the company. We refer you to our registration statement and each exhibit attached to it for a more detailed description of matters involving the company, and the statements we have made in this prospectus are qualified in their entirety by reference to these additional materials. You may inspect the registration statement, exhibits and schedules filed with the Securities and Exchange Commission at the Commission's principal office in Washington, D.C. Copies of all or any part of the registration statement may be obtained from the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The Securities and Exchange Commission also maintains a web site at <http://www.sec.gov> that contains reports, proxy statements and information regarding registrants that file electronically with the Commission. Our registration statement and the referenced exhibits can also be found on this site.

**PART II**

**INFORMATION NOT REQUIRED IN THE PROSPECTUS**

**Item 24. Indemnification Of Directors And Officers**

Our officers and directors are indemnified as provided by the Nevada Revised Statutes and our bylaws.

Under the NRS, director immunity from liability to a company or its shareholders for monetary liabilities applies automatically unless it is specifically limited by a company's articles of incorporation. That is not the case with our articles of incorporation. Excepted from that immunity are:

- (1) a willful failure to deal fairly with the company or its shareholders in connection with a matter in which the director has a material conflict of interest;
- (2) a violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);
- (3) a transaction from which the director derived an improper personal profit; and
- (4) willful misconduct.

Our bylaws provide that we will indemnify our directors and officers to the fullest extent not prohibited by Nevada law; provided, however, that we may modify the extent of such indemnification by individual contracts with our directors and officers; and, provided, further, that we shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless:

- (1) such indemnification is expressly required to be made by law;
- (2) the proceeding was authorized by our Board of Directors;
- (3) such indemnification is provided by us, in our sole discretion, pursuant to the powers vested us under Nevada law; or
- (4) such indemnification is required to be made pursuant to the bylaws.

Our bylaws provide that we will advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the company, or is or was serving at the request of the company as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefore, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under our bylaws or otherwise.

Our bylaws provide that no advance shall be made by us to an officer of the company, except by reason of the fact that such officer is or was a director of the company in which event this paragraph shall not apply, in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made: (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the company.

**Item 25. Other Expenses Of Issuance And Distribution**

The estimated costs of this offering are as follows:

Securities and Exchange Commission registration fee	\$ 116.17
Federal Taxes	\$ 0.00
State Taxes and Fees	\$ 0.00
Transfer Agent Fees	\$ 1,000.00
Accounting fees and expenses	\$ 5,000.00
Legal fees and expenses	\$ 17,000.00
Blue Sky fees and expenses	\$ 2,000.00
Miscellaneous	\$ 0.00
Total	\$ 25,116.17

All amounts are estimates, other than the Commission's registration fee.

We are paying all expenses of the offering listed above. No portion of these expenses will be borne by the selling shareholders. The selling shareholders, however, will pay any other expenses incurred in selling their common stock, including any brokerage commissions or costs of sale.

**Item 26. Recent Sales Of Unregistered Securities**

We issued 4,000,000 shares of common stock on April 25, 2002 to Mr. Joseph G. Bowes. Mr. Bowes is our founding director and is our president, chief executive officer, secretary, treasurer and chief financial officer. Mr. Bowes acquired 4,000,000 shares at a price of \$0.001 per share. These shares were issued pursuant to Section 4(2) of the Securities Act of 1933 (the Act) and are restricted shares as defined in the Act.

We completed an offering of 3,750,000 shares of our common stock at a price of \$0.02 per share to a total of 18 purchasers on June 18, 2002. The total amount we received from this offering was \$75,000. We completed the offering pursuant to Rule 903 of Regulation S of the Act. Each sale of shares was completed as an offshore transaction, as defined in Rule 902(h) of Regulation S, on the basis that: (i) each investor was outside of the United States at the time the offer to purchase the shares was made; and (ii) at the time the subscription agreement for the shares was executed, the investor was outside of the United States or we had a reasonable belief that the investor was outside of the United States. Each investor agreed by execution of the subscription agreement for the shares: (i) to resell the shares purchased only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to registration under the Act; (ii) that we are required to refuse to register any sale of the shares purchased unless the transfer is in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to registration under the Act; and (iii) not to engage in hedging transactions with regards to the shares purchased unless in compliance with the Act. The subscription agreement included statements to the effect that the shares had not been registered pursuant to the Act and that the shares may not be offered or sold in the United States or to U.S. unless the shares are registered under the Act. Each investor represented to us that the investor was not a US person as defined in Regulation S. We did not engage in a distribution of this offering in the United States and we did not offer any of the shares to any person in the United States. We did not engage in any directed selling efforts, as defined in Regulation S, in the United States. Each investor represented their intention to acquire the securities for investment only and not with a view toward distribution. Appropriate legends were affixed to the stock certificate issued to each purchaser in accordance with Regulation S. Each investor was given adequate access to sufficient information about us to make an informed investment decision. None of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved. No registration rights were granted to any of the purchasers.

We completed an offering of 105,000 shares of our common stock at a price of \$0.25 per share to a total of 88 purchasers. This offering was completed in two tranches. The first tranche of 75,000 shares was completed to 59 investors on April 30, 2003. The second tranche of 30,000 shares was completed to 29 investors on May 14, 2003. The total amount we received from this offering was \$26,250. We completed the offering pursuant to

Rule 903 of Regulation S of the Act. Each sale of shares was completed as an offshore transaction, as defined in Rule 902(h) of Regulation S, on the basis that: (i) each investor was outside of the United States at the time the offer to purchase the shares was made; and (ii) at the time the subscription agreement for the shares was executed, the investor was outside of the United States or we had a reasonable belief that the investor was outside of the United States. Each investor agreed by execution of the subscription agreement for the shares: (i) to resell the shares purchased only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to registration under the Act; (ii) that we are required to refuse to register any sale of the shares purchased unless the transfer is in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to registration under the Act; and (iii) not to engage in hedging transactions with regards to the shares purchased unless in compliance with the Act. The subscription agreement included statements to the effect that the shares had not been registered pursuant to the Act and that the shares may not be offered or sold in the United States or to U.S. unless the shares are registered under the Act. Each investor represented to us that the investor was not a US person as defined in Regulation S. We did not engage in a distribution of this offering in the United States and we did not offer any of the shares to any person in the United States. We did not engage in any directed selling efforts, as defined in Regulation S, in the United States. Each investor represented their intention to acquire the securities for investment only and not with a view toward distribution. Appropriate legends were affixed to the stock certificate issued to the purchaser in accordance with Regulation S. The investor was given adequate access to sufficient information about us to make an informed investment decision. None of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved. No registration rights were granted to the purchaser.

## Item 27. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Articles of Incorporation <sup>(1)</sup>
3.2	Amended By-Laws <sup>(1)</sup>
4.1	Share Certificate <sup>(1)</sup>
<u>5.1</u>	<u>Opinion of Lang Michener LLP, with consent to use<sup>(2)</sup></u>
10.1	Option Agreement between the Company and Rozemary Webb dated June 26, 2002 <sup>(1)</sup>
<u>10.2</u>	<u>Management and Administrative Services Agreement between the Company and Angus Consulting Inc. dated April 1, 2004<sup>(2)</sup></u>
10.3	Joint Venture Agreement between the Company, Michael Tan and 5G Wireless dated May 25, 2003 <sup>(1)</sup>
10.4	Shareholders Agreement between the Company, Nex Connectivity Solutions and 5G Wireless dated May 25, 2003 <sup>(1)</sup>
10.5	Amendment No. 1 to Joint Venture Agreement dated July 4, 2003 between the Company, 5G Wireless and Michael Tan <sup>(1)</sup>
10.6	Amendment No. 1 to Shareholders Agreement dated July 4, 2003 between the Company, Nex Connectivity Solutions, Michael Tan and 5G Wireless <sup>(1)</sup>
10.7	Internet Services Agreement dated February 1, 2004 between Nex Connectivity Solutions Inc. and Global Gateway Corp (dba Empire Landmark) <sup>(1)</sup>

10.8      Letter Addendum to Internet Services Agreement dated March 31, 2004 between Nex Connectivity Solutions Inc. and Global Gateway Corp.<sup>(2)</sup>

10.9      Letter Agreement dated April 1, 2004 between the Company and 5G Wireless<sup>(2)</sup>.

23.1      Consent of BDO Dunwoody LLP<sup>(2)</sup>

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(1) Filed as an exhibit to the Form SB-2 filed by the Registrant with the Securities and Exchange Commission on April 26, 2003.

(2) Filed as an exhibit to this Amendment No. 1 to Form SB-2.

**Item 28. Undertakings**

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (b) To reflect in the prospectus any facts or events arising after the effective date of this registration statement, or most recent post-effective amendment, which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and
  - (c) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in the registration statement.
2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
3. To remove from registration by means of a post-effective amendment any of the securities being registered hereby which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the provisions above, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities, other than the payment by us of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding, is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act of 1933, and we will be governed by the final adjudication of such issue.



**SIGNATURES**

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, in the City of Vancouver, Province of British Columbia, Canada on May 31, 2004.

**GILDER ENTERPRISES, INC.**

By: /s/ Joseph G. Bowes

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Joseph G. Bowes, President

**POWER OF ATTORNEY**

ALL MEN BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Joseph G. Bowes, his true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all pre- or post-effective amendments to this registration statement, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any one of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the requirements of the Securities Act of 1933, this registration statement was signed by the following persons in the capacities and on the dates stated.

SIGNATURE	CAPACITY IN WHICH SIGNED	DATE
/s/ Joseph G. Bowes JOSEPH G. BOWES	President, Chief Executive Officer (Principal Executive Officer) Secretary, Treasurer, Chief Financial Officer (Principal Accounting Officer) (Principal Financial Officer) and Director	May 31, 2004
/s/ Jun Nam Lee JUN NAM LEE	Director	May 31, 2004