The 4Less Group plc

Annual Report & Accounts
for the year ended 31 March 2006

THE 4LESS GROUP PLC

COMPANY INFORMATION

Directors	William Eric Peacock - Chairman	
	Richard Collier	(Appointed 12th August 2005)
	Ian Collins	
	David Haddon	(Appointed 12th August 2005)
	Timothy Sullivan	
	Sarah Collis	(Appointed 24th April 2006)
	Geoffrey Mayhill	(Appointed 24th April 2006)
	Charles McLeod	
Secretary	Graham Urquhart	
Company Number	3910588	
Registered Office	160 Brompton Road Knightsbridge London SW3 1HW	
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP	
Nominated Adviser and Broker	Corporate Synergy plc 30 Old Broad Street London EC2N 1HT	
Registrars and Receiving Agents	Neville Registrars Ltd. Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	
Solicitors to the Company	Norton Rose Kempson House Camomile Street London EC3A 7AN	
Principal Bankers	Bank of Ireland 36 Queen Street London EC4R 1HJ	

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CHAIRMAN'S STATEMENT

Introduction

The year under review has been a difficult period for the Group coming as it does at the finalisation of the Group's restructuring, the advent of an increasingly competitive market which is witnessed by an increasing number of foreign exchange suppliers and a challenging retail environment.

In this financial year, the Group has continued its restructuring to concentrate on its core businesses which are the provision of specialist foreign exchange services for retail and corporate customers, the provision of overseas mortgages, insurance products primarily for the owners of overseas properties, and the provision of services to facilitate regular payments to cover mortgages, pensions and other payments.

Performance

Gross turnover for the Group for the year under review was £279 million, resulting in a gross profit of £2.3 million for the year. These represented a 17 and 20 per cent. decrease over the 2005 results on a like for like basis. At a Group level, the consolidated loss for the financial year was £593,000 which compares to the loss of £968,000 recorded in the financial year ended 31 March 2005. In a difficult market, the continuing operations' loss of £593,000 in 2006 included some substantial expenses incurred in its core businesses including new marketing initiatives, customer relationship management and innovative online registration and web costs.

The directors have not recommended the payment of a dividend.

The Board

A number of board changes have taken place following the restructuring of the business. Charles McLeod became a non-executive director with effect from 1 April 2005. On 12 August 2005 David Haddon was appointed executive marketing director and James Corsellis resigned from his position as non-executive director. On 26 September 2005 Richard Collier was appointed Chief Executive in place of Nigel Paul, who resigned from the Board. On 24th April 2006 Sarah Collis and Geoffrey Mayhill were appointed as non-executive directors.

Shareholders

On 31 March 2006, Ekwienox FX Limited subscribed for a 45 per cent. equity interest by investing some £1.5 million in the Company. Coupled with its existing investments Ekwienox FX Limited has an effective 51.6 per cent. interest in the Group, and as part of its subscription, Ekwienox FX Limited has been allotted warrants entitling it to increase its equity interest in the Group to 65 per cent.

People

This has been a difficult time for the staff. However, I have been impressed with their energy and commitment over this challenging time.

Name

The emphasis of the Group is to provide uncompromising service levels at a most competitive cost for its clients. Equally, as a result of the strategy to expand into the corporate foreign exchange market, it is felt that The 4Less name does not adequately reflect the Group's business proposition. As a result, it is proposed that the Group's name be changed to Baydonhill plc. This requires a special resolution which will be put to the Annual General Meeting of shareholders.

Outlook

Given the challenging retail market place, the Foreign Currency Broking Division performed admirably and, following its restructuring, the Property Finance Division is performing above target. We have entered into a number of agreements with overseas banks, highly reputable financial institutions, Independent Financial Advisor groups and Real Estate Property Services Groups. Coupled with the Group's ability to facilitate regular overseas payment plans and overseas insurance, the Group provides a completely integrated financial services solution for clients who are looking to purchase, or who already own properties overseas.

The Group is positioning itself to be the market's leading provider of an integrated financial service solution for clients purchasing overseas property or requiring physical foreign exchange delivery in the retail market. Although in a relatively early stage, the new management initiatives for the Group's retail operations should enable the Group to increase its market share and maintain its highly professional service in the market place. However, the Group believes that the benefit from the investment and the anticipated returns will only be fully reported in the next financial year and thereafter.

In addition, the Group is actively developing a corporate foreign exchange capability. Given service excellence, a corporate foreign exchange capability will lessen the reliance of the Group on the purely retail market and should provide the Group with more regular and higher volume foreign exchange turnover, thereby increasing its profitability. However, it is anticipated that this will take a sizeable investment in people and systems over the next two years before the success and the returns become evident.

The strategy being pursued should position the Group better for the future, although it's not expected that there will be immediate returns from the investment being made in your Company. With increased competition; an uncertain interest rate scenario impacting on the Retail Market; additional investment and relatively fresh initiatives being undertaken, I expect the 2007 financial year to be challenging. With the support of Ekwienox FX Limited, our people, and our shareholders, the Group should look forward to it being better positioned for the longer term future.

Eric Peacock

Eric Peacock CMG DL
8th August 2006

CHIEF EXECUTIVE'S REVIEW

Trading Review

In September 2005 I was appointed Chief Executive Officer. As noted in the Chairman's statement, the year under review has been a difficult period for the Group. Gross turnover for the Group for the year under review was £279 million, resulting in a gross profit of £2.3 million for the year. Administrative expenses were curtailed to approximately £3 million which represented a saving of in excess of £500,000 over the last financial year on a directly comparable basis. The loss for the financial year was a disappointing £593,000, but included some quite substantial expenditure which should be non-recurring.

The business environment is becoming increasingly competitive and, although reliable statistics are difficult to obtain, various commentators have pointed to a 30 per cent. decline in the number of overseas property acquisitions, certainly in Spain which is one of our major markets, and the number of direct competitors increases regularly. This impacted on the core foreign exchange business where turnover declined by 16.7 per cent. It is a credit to the division that it performed admirably under such difficult market conditions.

The retail marketing strategy has been adapted to focus on a proactive approach to increase our market share across a more diverse market and solicit clients such as overseas banks, highly reputable financial institutions, Independent Financial Advisor groups and Real Estate Property Services Groups. This has resulted in the recruitment of a number of sales and marketing people and a corresponding saving in the Group's media advertising spend. This strategy is in its early phase of adoption but the results seem to be encouraging.

The Property Finance Division was restructured in September 2005. The results of the Property Finance Division for the year reflect the adverse result of this restructuring. The division's turnover decreased by some 20 per cent. on a comparable basis with the last financial year. The division's management and processes have been completely renewed, and a new General Manager of the Property Finance Division was appointed. I am pleased to report that under its new management and with its strategic market focus, the benefits of these changes are already being felt and are expected to continue in the year ahead.

The market continues to develop for the overseas mortgage provider and the Group has developed relationships with a range of banks and mortgage providers throughout Europe, America, South Africa, Australia and New Zealand.

FLG Insurance Brokers meets the requirements of property ownership overseas together with other retail insurance products and the Regular Payments Plan ensures that regular payments such as mortgage payments, pensions, utility bills are paid on time internationally. Both these divisions are in their relative infancy but constitute an integrated product offering for our core businesses of the retail foreign exchange and the provision of overseas mortgages.

The future

With limited barriers to entry in the physical delivery foreign exchange market, the competitive landscape continues to grow. Your Group operates under strict Anti-Money Laundering and compliance disciplines with systems in place and retained advisors to ensure that the Company operates to the industry standards set by The Financial Services Authority. We believe this is an industry that requires consolidation and we believe that your Company could be a leader in such consolidation with companies of similar professionalism and expertise in the retail foreign exchange sector.

Equally, as noted in the Chairman's report, it is imperative that the Group develop another related foreign exchange business and to that end the Group is actively developing its Corporate Foreign Exchange capabilities. Although we continue to enhance systems and seek opportunities to further improve our administrative and organisational procedures, our infrastructure is capable of supporting the future development plans of the business. Nevertheless, it is anticipated that the development of a Corporate Foreign Exchange capability will take a sizeable investment over the next two years before the success and the returns become evident.

I express my thanks to all our people at The 4Less Group including my fellow executives for their dedication and application over the last financial year; a year that has seen significant changes in management, processes, shareholders and a most difficult market place.

The future of the Group is dependant on investing in its core operations and expanding its product range within its core competencies of foreign exchange. Whilst this will impinge on the short term profitability of the Group, your Board believes that this will enhance the prospects of the Group in the medium term. With the assistance of our shareholders, our team and our clients we are looking forward to the future development of the Group.

Richard Collier
8th August 2006

REPORT OF THE DIRECTORS

The Directors present their report together with the consolidated financial statements for the year ended 31 March 2006.

Principal Activities

The principal activities of the Group are the provision of foreign currency exchange and related finance products, the arrangement of overseas mortgages, and a broker of a range of insurance products.
The principal activity of the company is the provision of foreign currency exchange.

Results and dividends

In the year, the Group's business activities produced a loss before tax of £592,822 (2005 Loss - £968,389).

The trading results for the year and the Group's and Company's financial position at the end of the year are shown in the attached financial statements.

The Directors have not recommended the payment of a dividend.

Business Review

An overall review of the business and indications of likely future developments is given in the Chairman's and Chief Executive's reports.

Directors

The Directors who held office during the year are set out below.

The following table shows the beneficial interests of the Directors in the shares of the company at 31 March 2006 and at 31 March 2005, or their appointment to the board if later, together with their salaries and fees.

	Salary and Fees		Ordinary Shares of 1p each	
	2006	2005	2006	2005
	£	£	Number	Number
* William Eric Peacock	12,557	26,418	-	-
Richard Collier (appointed 12 August 2005)	79,695	-	-	-
Ian Collins	70,833	18,959	3,500	3,500
David Haddon (appointed 12 August 2005)	31,670	-	-	-
Timothy Sullivan	93,750	92,410	48,330	48,330
* Sarah Collis (appointed 24 April 2006)	-	-	-	-
James Corsellis (resigned 12 August 2005)	9,500	13,500	-	-
*** Geoffrey Mayhill (appointed 24 April 2006)	-	-	-	-
** Charles McLeod	30,000	75,000	2,860,662	2,860,662
Nigel Paul (resigned 26 September 2005)	178,125	100,250	41,666	41,666

* Non-executive and member of the Audit Committee and the Remuneration Committee
** Non-executive director
*** Non-executive director and member of the Remuneration Committee

Details of options and warrants are contained in note 17. The salary and fees paid to Nigel Paul include a payment of £112,500 pursuant to the terms of a compromise agreement (see note 4).

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Transition to International Financial Reporting Standards (IFRS)

The Group is in the process of preparing to convert to IFRS in time for application to the 2007 results. A project team has been established to identify the effects of differences between UK GAAP and IFRS. This process is currently ongoing and will continue as new standards and amendments to existing standards evolve.

Disabled Employees

Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Financial Instruments

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and/or share issues. Its policy is to finance fixed assets from cash resources.

The only financial instruments utilised by the Group are spot and fixed and open forward exchange contracts to match customers' specific requirements. The Group does not enter into speculative contracts on its own account.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Group's financial position or profit.

Employee information and consultation

The Group continues to involve its staff in the future development of the business. Information is provided to employees by regular briefing meetings.

The Group operates a Group Stakeholder Pension Plan available to all employees.

Directors' Liability Insurance

During the year, directors' and officers' liability insurance was maintained for directors and other officers of the Company as permitted by the Companies Act 1985.

Going Concern

After making enquiries, the Directors have formed a judgement that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Audit disclosures

So far as the directors are aware:

a) there is no information needed by the Company's auditors in connection with preparing their report (relevant audit information) of which they are unaware; and
b) we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

By order of the Board

Richard Collier
Director
8th August 2006

Ian Collins
Director

CORPORATE GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2006

Introduction

The Board of The 4Less Group plc is committed to achieving good standards of corporate governance, integrity and business ethics for all activities. Under the rules of the AIM, the Group is not required to comply with the Combined Code. However, the Group has taken steps to comply with the Combined Code in so far as it can be applied practically, given the size of the Group and the nature of its operations.

Audit Committee

The Audit Committee consists of William Eric Peacock as chairman and Sarah Collis. The committee will meet at least twice a year, linked to the timing of the publications of the Group's results. The committee will also meet on an ad hoc basis when necessary. The external auditors may also be invited to attend these meetings.

The committee operates within specific terms of reference which include:

- considering the appointment of external and internal auditors;
- reviewing the relationship with external auditors;
- reviewing the financial reporting and internal control procedures
- reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors
- reviewing the consistency of accounting policies both on a year to year basis and across the Group.

Remuneration Committee

The Remuneration Committee consists of William Eric Peacock as Chairman, Sarah Collis and Geoffrey Mayhill.

The Chief Executive of the Company, Richard Collier, may also be invited to attend certain meetings of the Remuneration Committee.

Role of the Remuneration Committee

The Remuneration Committee reviews and determines on behalf of the Board and shareholders of the Company the pay, benefits and other terms of service of the executive directors of the Company and the broad pay strategy with respect to senior Company employees.

Best Practice

As the Company is AIM-listed, the Company is not legally required to set out its remuneration policy but is doing so on a voluntary basis. To the extent that such principles are relevant to the current circumstances of the Company, the provisions of inter alia the Directors' Remuneration Report Regulations 2002 and the Combined Code are taken into account.

Remuneration Policy

The objective of the Company's remuneration policy is to provide remuneration in a form and amount to attract, retain and motivate high quality management.

The remuneration policy of the Company has four principal components:

Basic Salaries

Basic Salaries are determined by the Remuneration Committee bearing in mind the salaries paid in AIM-listed and other similar companies. Within that frame of reference, it is intended that pay should be at the mid-market rate.

Bonuses

Bonuses are payable according to the achievement by the Company of certain pre-determined Company targets including earnings and development milestones. The level of bonuses payable on achievement of the targets is set at the level to provide the necessary incentives for executive directors and senior managers. There are appropriate adjustments to the bonus payable in the event of over or under-achievement of the Company against those targets.

Share Option Scheme

The 4Less Group plc 2004 Enterprise Management Incentive Plan (the EMI Plan) is operated by the Board (acting where appropriate, through the Remuneration Committee). Options granted under the EMI Plan should qualify for favourable tax treatment provided various conditions set out in the Income Tax (Earnings and Pensions) Act 2003 are met. Any employee or director of the Group who works at least 25 hours per week for the Group or who spends at least 75 per cent of his working time for the Group will be eligible to participate in the EMI Plan at the discretion of the Board.

Employee Benefit Trust

The 4Less Group 2004 Employee Settlement ('the EBT') is a discretionary trust capable of benefiting all employees and former employees of the Company and its subsidiaries and certain of their dependants. The trustees are Dominion Employment Benefit Trustees Limited based in Jersey. The trustees of the EBT are entirely independent of the Company. The Company cannot give any instructions to the trustees but can make recommendations to them.

The Company has made an initial contribution of £100 to the trustees and may make further contributions to the trustees from time to time.

Pensions

The Group provides a stakeholder pension scheme for all employees. No contributions are made by the company to the scheme.

Directors' Remuneration

The particulars of the remuneration of the Directors and their interests are as set out in the Directors' Report and in note 17.

Directors' Service Contracts

All executive Directors are employed under service contracts. The services of the executive directors may be terminated by a maximum of 6 months notice.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE 4LESS GROUP PLC

We have audited the Group and parent company financial statements ('the financial statements') of The 4Less Group Plc for the year ended 31 March 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report, the Chairman's Statement and the Chief Executive Officer's Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP
Registered Auditors
London, UK
8th August 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	**2006 Continuing Operations £**	2005 Continuing Operations £	Discontinued Operations £	2005 Total £
Turnover	2	**278,822,687**	335,048,877	184,403	335,233,280
Cost of sales		**(276,513,820)**	(332,166,149)	(38,525)	(332,204,674)
Gross profit		**2,308,867**	2,882,728	145,878	3,028,606
Administrative expenses		**(3,080,727)**	(3,628,056)	(412,699)	(4,040,755)
Operating loss	3	**(771,860)**	(745,328)	(266,821)	(1,012,149)
Interest receivable and similar income	6	**183,872**	208,737	4,499	213,236
Interest payable and similar charges	7	**(4,834)**	(5,511)	(13)	(5,524)
		(592,822)	(542,102)	(262,335)	(804,437)
Profit on sale of subsidiary		-			35,269
Loss before Reorganisation Costs		**(592,822)**			(769,168)
Reorganisation costs		-			(199,221)
Loss on ordinary activities before taxation		**(592,822)**			(968,389)
Taxation	8	-			85,221
Loss for the financial year	18	**(592,822)**			(883,168)
Loss per share	9	**(7.42p)**			(11.23p)

There were no other recognised gains and losses in the year

CONSOLIDATED BALANCE SHEET

31 MARCH 2006

	Notes	2006 £	2006 £	2005 £	2005 £
FIXED ASSETS					
Tangible	10		119,888		247,084
			119,888		247,084
CURRENT ASSETS					
Debtors	12	311,631		597,393	
Cash at bank and in hand		5,087,488		5,594,089	
		5,399,119		6,191,482	
CREDITORS: amounts falling due within one year	13	(4,019,730)		(5,598,128)	
NET CURRENT ASSETS			1,379,389		593,354
TOTAL ASSETS LESS CURRENT LIABILITIES			1,499,277		840,438
NET ASSETS			1,499,277		840,438
CAPITAL AND RESERVES					
Called up share capital	17		144,987		79,762
Share premium account	18		2,600,623		1,414,187
Profit and loss account	18		(1,246,333)		(653,511)
EQUITY SHAREHOLDERS' FUNDS	19		1,499,277		840,438

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8th August 2006.

Signed on behalf of the board of directors

Richard Collier
Director

Ian Collins
Director

COMPANY BALANCE SHEET

31 MARCH 2006

	Notes		2006		2005
		£	£	£	£
FIXED ASSETS					
Tangible	10		**119,888**		246,716
Investments	11		**10**		10
			119,898		246,726
CURRENT ASSETS					
Debtors due within one year	12	**261,073**		461,056	
Debtors due in more than one year	12	**481,865**		414,656	
Cash at bank and in hand		**4,997,105**		5,488,407	
		5,740,043		6,364,119	
CREDITORS: amounts falling due within one year	13	**(4,000,911)**		(5,591,742)	
NET CURRENT ASSETS			**1,739,132**		772,377
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,859,030**		1,019,103
CAPITAL AND RESERVES					
Called up share capital	17		**144,987**		79,762
Share premium account	18		**2,600,623**		1,414,187
Profit and loss account	18		**(886,580)**		(474,846)
EQUITY SHAREHOLDERS' FUNDS	19		**1,859,030**		1,019,103

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8th August 2006.

Signed on behalf of the board of directors

Richard Collier
Director

Ian Collins
Director

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2006

	2006 £	2005 £
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	**(771,860)**	(1,012,149)
Reorganisation costs	-	(199,221)
Disposal of assets to subsidiary	-	10,896
Depreciation of tangible fixed assets	**147,891**	157,333
Decrease in debtors	**220,812**	49,917
Decrease in creditors	**(1,578,398)**	(2,556,248)
Net cash outflow from operating activities	**(1,981,555)**	(3,549,472)

	2006 £	2005 £
CASH FLOW STATEMENT (note 20)		
Net cash outflow from operating activities	**(1,981,555)**	(3,549,472)
Returns on investments and servicing of finance	**179,038**	207,712
Taxation	**64,950**	-
Capital expenditure	**(20,695)**	(121,231)
Disposal of subsidiary	-	(68,998)
Cash outflow before financing	**(1,758,262)**	(3,531,989)
Financing – net proceeds of flotation	-	1,281,715
– net proceeds of placing	**1,251,661**	-
Decrease in cash in the period	**(506,601)**	(2,250,274)

	2006 £	2005 £
Reconciliation of net cash flow to movement in net funds (note 21)		
Decrease in cash in the period	**(506,601)**	(2,250,274)
Net funds at 1 April 2005	**5,594,089**	7,844,363
Net funds at 31 March 2006	**5,087,488**	5,594,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings made up to 31 March 2006 using the acquisition method of accounting. Under the acquisition method the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 230(2) of the Companies Act 1985. The loss after tax for the financial period of the parent company was £411,734 (2005 Loss - £771,034).

(b) Turnover and revenue recognition

Turnover represents:

1. The gross value of foreign exchange currency transactions undertaken by the group's foreign currency business. Purchases of currency relating to such transactions are treated as cost of sales.

   Turnover is recognised after receiving the client's written authorisation. Where the group enters into contracts with its clients, it also enters into separate matched contracts with its bankers.

2. Commissions earned from arranging property and car finance, and insurance broking services. Such revenue is recognised when the client has entered into irrevocable arrangements with the loan provider.

(c) Forward delivery contracts and monies due from clients

The company has the right to insist on net settlement. Accordingly, trade debtors represent the net balance due to the group.

Where funds have been received from clients in advance, the group's liability to them is included in trade creditors.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	33%
Office equipment	33%
Leasehold improvements	Over the life of the lease

(e) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Investments

Investments are stated at cost less provision for impairment.

(g) Financial instruments

The only financial instruments utilised by the Group are spot and fixed and open forward exchange contracts to match customers' specific requirements. The Group does not enter into speculative contracts on its own account.

(h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, if matched, at the forward contract rate. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction or, if matched, at the forward contract rate. Exchange differences are taken into account in arriving at the operating profit.

(i) Deferred taxation

In accordance with FRS19 full provision is made at current rates for taxation deferred in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax balances are not discounted. Deferred tax assets are only recognised where they arise from timing differences where their recoverability is regarded as more likely than not.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

2. SEGMENTAL REPORTING

An analysis of turnover, loss before tax, and net assets by class of business, is given below:

Turnover

	2006 £	2005 £
Provision of foreign currency	**278,675,148**	334,900,534
* Arranging car finance	-	161,440
Arranging property finance	**111,567**	141,452
* Arranging trade finance	-	22,963
Arranging insurance	**35,972**	6,891
	278,822,687	335,233,280

All turnover arose within the United Kingdom.
* Discontinued businesses

Loss before tax

		2006 £	2005 £
Provision of foreign currency	- continuing	**(428,392)**	(368,622)
	- reorganisation	-	(73,398)
Arranging car finance	- discontinued	-	(79,506)
	- reorganisation	-	(34,283)
Arranging property finance		**(148,807)**	(131,041)
Arranging trade finance	- discontinued	-	(182,829)
	- reorganisation	-	(72,074)
Arranging insurance	- continuing	**(15,623)**	(42,439)
	- reorganisation	-	(19,466)
Profit on sale of subsidiary		-	35,269
		(592,822)	(968,389)

Net assets by class of business:

	2006 £	2005 £
Provision of foreign currency	**1,859,030**	1,019,103
Arranging property finance	**(301,694)**	(148,958)
Arranging insurance	**(58,059)**	(29,707)
	1,499,277	840,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

3. OPERATING LOSS

The operating loss is stated after charging:

		2006	2005
		£	£
Depreciation of tangible fixed assets - owned		**147,891**	157,333
Auditor's remuneration	- audit services	**46,000**	48,000
	- non audit services	**7,000**	5,000
Operating lease rentals:			
	- land and buildings	**135,000**	127,500

4. DIRECTORS' EMOLUMENTS

	2006	2005
	£	£
Directors' emoluments	**451,756**	391,370

Pension contributions on behalf of the directors £4,375 (2005:£Nil)

The highest paid director received emoluments and benefits as follows:

	2006	2005
	£	£
Emoluments	**128,125**	100,250

Nigel Paul resigned as Chief Executive Officer on 26 September 2005, and a compromise agreement was signed on the same date relating to the termination of his employment with the Company. Pursuant to the terms of the compromise agreement, he received a payment of £62,500 representing six months salary in lieu of notice, and, in addition to the emoluments above, received £50,000 as compensation for loss of office in full and final settlement of any claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

5. STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2006	2005
	£	£
Wages and salaries	**1,341,515**	1,788,689
Social security costs	**142,641**	204,375
Pension Costs	**4,375**	-
	1,488,531	1,993,064

The average number of employees, including Executive Directors during the year was:

	No.	No.
Sales and administration	**35**	46

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006	2005
	£	£
Bank interest receivable	**183,872**	213,236

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Bank loans and overdrafts	**4,834**	5,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

8. TAXATION

	2006 £	2005 £
a) Analysis of credit for the year		
Current tax:		
UK corporation tax on profits of the period	-	-
Adjustment in respect of previous periods	-	(89,771)
Total current tax (note 8(b))	-	(89,771)
Total deferred tax	-	4,550
Total tax credit for the year	-	(85,221)
b) Factors affecting tax credit for period		
Loss on ordinary activities before tax	**(592,822)**	(968,389)
Expected tax @ 30%	**(177,846)**	(290,517)
Expenses not deductible for tax purposes	**30,857**	20,875
Depreciation in excess of capital allowances	**13,120**	9,537
Short term timing differences	**(1,050)**	3,750
Utilisation of tax losses arising in the period	-	85,012
Adjustments to tax charge in respect of prior period	-	(89,771)
Deferred tax adjustment in respect of prior year	**2,658**	-
Losses arising in the period carried forward	**132,261**	171,343
Actual tax credit	-	(89,771)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

8. TAXATION (continued)

c) Deferred tax asset

Group	Tax Losses £	Short term timing difference £	Accelerated Capital Allowances £	Amounts not provided £	Total £
At 1 April 2005	152,696	3,750	14,087	170,533	-
Deferred tax credit / (charge)	132,261	(1,050)	13,120	144,331	-
At 31 March 2006	284,957	2,700	27,207	314,864	-
Company					
At 1 April 2005	110,371	-	13,911	124,282	-
Deferred tax credit / (charge)	82,683	-	13,081	95,764	-
At 31 March 2006	193,054	-	26,992	220,046	-

As at the 31 March 2006, trading losses of approximately £949,000 (2005: £500,000) are available to carry forward against future profits of the same trade.

9. EARNINGS PER SHARE

Both basic earnings per share and diluted earnings per share are based on a loss after tax of £592,822 (2005: Loss after tax £883,168). The basic earnings per share has been calculated on a weighted average of 7,994,053 (2005: 7,867,507) ordinary shares in issue. Diluted loss and earnings per share is calculated on the same basis as basic loss and earnings per share because the effect of the potential ordinary shares (share options) reduces the net loss per share and is therefore anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

10. TANGIBLE FIXED ASSETS

Group	Leasehold improvements	Office Equipment	Total
	£	£	£
Cost			
At 1 April 2005	165,358	451,275	616,633
Additions	-	20,695	20,695
At 31 March 2006	**165,358**	**471,970**	**637,328**
Depreciation			
At 1 April 2005	75,695	293,854	369,549
Charge for period	55,120	92,771	147,891
At 31 March 2006	**130,815**	**386,625**	**517,440**
Net book amount			
At 31 March 2006	**34,543**	**85,345**	**119,888**
At 31 March 2005	89,663	157,421	247,084

Company	Leasehold improvements	Office Equipment	Total
	£	£	£
Cost			
At 1 April 2005	165,358	449,009	614,367
Additions	-	20,695	20,695
At 31 March 2006	**165,358**	**469,704**	**635,062**
Depreciation			
At 1 April 2005	75,695	291,956	367,651
Charge for period	55,120	92,403	147,523
At 31 March 2006	**130,815**	**384,359**	**515,174**
Net book amount			
At 31 March 2006	**34,543**	**85,345**	**119,888**
At 31 March 2005	89,663	157,053	246,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

11. FIXED ASSET INVESTMENTS

Company

	Shares in subsidiary undertakings 2006 £	Shares in subsidiary undertakings 2005 £
Cost		
At 31 March 2006	10	10

The Company holds 100% of the ordinary share capital of www.Property-Finance4Less.Com Limited, which is an arranger of property finance and FLG Insurance Brokers Limited, a broker of insurance. The Company also holds 100% of the ordinary share capital of www.fx4less.com Limited, Boatfinance4less Limited, Currencies4less Limited and FLG Corporate Services Limited, all of which are dormant. All subsidiaries are registered in England and Wales.

12. DEBTORS

	Group 2006 £	2005 £	Company 2006 £	2005 £
Due within one year				
Trade debtors	**39,374**	122,166	**29,620**	59,297
Corporation tax recoverable	**3,697**	64,972	-	48,314
Prepayments and accrued income	**268,560**	410,255	**231,453**	353,445
	311,631	597,393	**261,073**	461,056
Due within more than one year				
Amounts due from group undertakings	-	-	**481,865**	414,656

13. CREDITORS

	Group 2006 £	2005 £	Company 2006 £	2005 £
Amounts falling due within one year				
Trade creditors	3,784,492	5,303,044	3,784,274	5,297,148
Other tax and social security	38,649	72,266	38,649	72,266
Accruals and deferred income	196,589	222,818	177,988	222,328
	4,019,730	5,598,128	4,000,911	5,591,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

14. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

Land and buildings

Leases expiring:

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Within one year	**35,625**	-	**35,625**	-
In two to five years	-	127,300	-	127,300

15. FINANCIAL INSTRUMENTS

Treasury activities take place under procedures and policies monitored by the Board. They are designed to minimise the financial risks faced by the Group which primarily arise from interest rate, currency, and liquidity risks and information is given below. As permitted by FRS13 no further details are set out in respect of short-term debtors and creditors.

Interest rate risks
The Group has financed its operations primarily through the issue of equity shares. Floating rate assets comprise cash at bank and the Group receives interest on cash balances at rates linked to the Group's banker's base rate. The Group has no significant borrowings. The Group has no other assets or liabilities that are subject to interest rate fluctuations.

Liquidity risk
The Group's treasury management policies are designed to ensure the continuity of funding. The Group has significant surplus cash at the year end.

Foreign currency risk
The Group does not have any significant foreign currency exposure as all foreign currency is acquired under matched contracts to fulfil contracts with customers and therefore no further analysis is required under FRS 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

16. FORWARD DELIVERY CONTRACTS AND MONIES DUE FROM CLIENTS

At the year end, the amount due from clients in respect of open contracts was £3,642,795 (2005: £8,199,830).

At the year end, the Group had committed to purchase currency at fixed rates from its bankers, in respect of clients, amounting to £4,489,299 (2005 : £7,269,350)

17. SHARE CAPITAL

Ordinary shares of 1p each

	Authorised		Allotted, called up and Fully paid	
	No.	£	No.	£
At 31 March 2005	14,000,000	140,000	7,976,183	79,762
Increased 31 March 2006	36,000,000	360,000	-	-
Issued 31 March 2006	-	-	6,522,522	65,225
At 31 March 2006	50,000,000	500,000	14,498,705	144,987

During the year, Ekwienox Limited, a company incorporated in England and Wales, acquired 958,333 shares in The 4Less Group plc, representing 12 per cent. of the pre-enlarged share capital. In February 2006 Ekwienox Limited purchased a shell company which was renamed Ekwienox FX Limited. On 8 March 2006 Ekwienox FX Limited entered into an investment agreement with The 4Less Group whereby it agreed to extend to The 4Less Group a convertible loan of £450,000 bearing interest at a rate of 7 per cent. The loan was converted on 31 March 2006, resulting in the issue of 1,956,522 Ordinary Shares at 23p per share. The investment agreement also provided for a provisional placing of shares representing a further 39 per cent. for £1,050,180, which resulted in the issue of a further 4,566,000 Ordinary Shares at 23p per share. Following the placing and conversion of the convertible loan, Ekwienox Limited and Ekwienox FX Limited together own 51 per cent. of the issued share capital of The 4Less Group plc. Following the completion of the placing, Ekwienox were granted warrants and subscription rights entitling it to increase its holding to 65 per cent. on a fully diluted basis at a subscription price of 23p per share.

17. SHARE CAPITAL (continued)

The Company has granted the following options to directors:

	Number of options	Effective date of Grant	Exercise period from date of grant	Exercise price
William Eric Peacock	50,000	16 February 2005	3 to 10 years	55p
Richard Collier	1,000,000	9 August 2005	Up to 10 years	34.5p – 75p
Ian Collins	150,000	14 July 2005	Up to 10 years	30p
David Haddon	300,000	26 July 2005	Up to 10 years	37.5p
Timothy Sullivan	1,000,000	14 July 2005	Up to 10 years	30p – 60p
Nigel Paul	600,000	26 September 2005	Up to 5 years	28p
Total	3,100,000			

In addition to the above, on 14 April 2004 Ian Collins was granted under the terms of the EMI Plan, 37,333 Ordinary Shares each with an exercise price of 60p. These options may be exercised in whole or in part up to 13 April 2014.

On the same day the Company granted further options, under the terms of the EMI Plan, to an aggregate amount of 148,167 Ordinary Shares to certain employees of the Company exercisable at 60p per share. Since then 78,500 of those options have lapsed.

On 26 June 2002 the Company granted a share warrant to Marwyn Investments Limited, in respect of 311,427 Ordinary Shares exercisable at a price of 28p per share, to James Corsellis in respect of 155,713 Ordinary Shares, exercisable at a price of 60p per share, and to JM Finn & Co. in respect of 311,427 Ordinary Shares, exercisable at a price of 60p per share. The warrants granted to Marwyn Investments Limited and James Corsellis may be exercised in whole or in part at any time up until 27 May 2007. The warrant granted to JM Finn & Co. may be exercised in whole or in part at any time up until 27 June 2007.

On 15 April 2004 the Company granted a warrant to Corporate Synergy to subscribe for 79,762 Ordinary Shares which was exercisable at a price of 60p per share. It may be exercised in whole or in part at any time prior to the fifth anniversary of admission to AIM.

Pursuant to the engagement letter dated 9 February 2006 between the Company and Corporate Synergy regarding the Code Waiver in relation to the conversion of Loan Notes and Placing of New Ordinary Shares by and with the Concert Party, together Ekwienox Limited and Ekwienox FX Limited, the Company agreed on the terms and subject to the conditions of the agreement, to pay to Corporate Synergy a corporate finance fee and to reduce the exercise price of the existing warrants held by Corporate Synergy over 79,762 Shares from 60p to 23p per share.

On 31 March 2006 the Company granted a warrant to Ekwienox FX Limited to subscribe for 5,552,295 Ordinary shares, exercisable at a price of 23p per share. It may be exercised in whole or in part at any time up to 31 March 2011, and complete exercise would result in a shareholding of 65% of the existing issued share capital. The Company also granted to Ekwienox FX Limited Additional Subscription Rights over 7,508,730 Ordinary Shares at a price of 23p to enable it to maintain its 65% holding in the event of the existing options and warrants being exercised in full.

The market price of the Company's shares on 31 March 2006 was 20p per share and the average price for the year was 26p per share.

18. RESERVES

	Group £	Company £
Share premium		
At 31 March 2005	1,414,187	1,414,187
Gross proceeds of Placing	1,434,955	1,434,955
Costs of Placing	(248,519)	(248,519)
Net proceeds of Placing	1,186,436	1,186,436
At 31 March 2006	2,600,623	2,600,623

Profit and loss account

Group	2006 £	2005 £
At beginning of year	(653,511)	229,657
(Loss) for year	(592,822)	(883,168)
At end of year	(1,246,333)	(653,511)

Company

	2006 £	2005 £
At beginning of year	(474,846)	296,188
(Loss) for year	(411,734)	(771,034)
At end of year	(886,580)	(474,846)

19. SHAREHOLDERS' FUNDS

Group	2006 £	2005 £
At beginning of year	**840,438**	441,891
(Loss) for the year	**(592,822)**	(883,168)
New shares issued	**1,500,180**	1,700,000
Costs incurred in respect of Placing	**(248,519)**	(418,285)
At end of year	**1,499,277**	840,438

Company	2006 £	2005 £
At beginning of year	**1,019,103**	508,422
(Loss) for the year	**(411,734)**	(771,034)
New shares issued	**1,500,180**	1,700,000
Costs incurred in respect of Placing	**(248,519)**	(418,285)
At end of year	**1,859,030**	1,019,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

20. GROSS CASH FLOWS

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest received	**183,872**	213,236
Interest paid	**(4,834)**	(5,524)
	179,038	207,712
Capital expenditure		
Payments to acquire tangible fixed assets	**(20,695)**	(121,231)
Disposal of subsidiary		
Net cash disposed on sale of subsidiary undertaking	-	(68,998)
Financing		
Issue of share capital	**1,500,180**	1,700,000
Expenses paid in connection with share issues	**(248,519)**	(418,285)
	1,251,661	1,281,715

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2005 £	Cash Flows £	Other Changes £	At 31March 2006 £
Cash at bank and in hand	5,594,089	(506,601)	-	**5,087,488**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

22. TRANSACTIONS WITH RELATED PARTIES

As permitted by Financial Reporting Standard 8, "Related Party Disclosures", the financial statements do not disclose transactions between the parent company and its subsidiaries to the extent that the transactions have been eliminated on consolidation.

During the year the Group paid the Marwyn Group of companies, of which Mr J Corsellis is a director and shareholder, £11,750 (2005 : £95,386). In addition to consultancy fees, these amounts included payments for the services of Mr Corsellis as director.

During the year Mr Charles McLeod contracted to purchase currency at spot rates on an arm's length basis. The total value of the transactions was £458,106 (2005 : £577,164).

During the year Mr Nigel Paul contracted to purchase currency at spot rates on an arm's length basis. The total value of the transactions was £5,914 (2005 : £15,546).

During the year the Company incurred costs in respect of IT consultancy amounting to £4,817, the provider being ASPOne Limited, a wholly owned subsidiary of Ekwienox Limited.

Included in the costs of the Placing are fees payable to Ekwienox FX Limited amounting to £75,009.

23. COMMITMENTS AND GUARANTEES

The Company has provided guarantees to its bankers for the overdraft facilities of its subsidiary undertakings to the extent of £15,000. The exposure at the year end was £4,352.

The Company has a facility with its bankers for spot and forward foreign exchange trading up to a maximum contingent risk amount outstanding (as determined by the bank) of £750,000. The contingent risk at the year end amounted to £38,000 (2005 : £69,000).

24. PARENT COMPANY

With effect from 31 March 2006 the immediate parent company was Ekwienox FX Limited. Ekwienox Limited, the ultimate parent company of The 4Less Group Plc is under the control of Mr A Hughes.

THE 4LESS GROUP PLC

Notice is hereby given that the Annual General Meeting of **The 4Less Group plc** for the calendar year 2006 will be held at 160 Brompton Road, Knightsbridge, London, SW3 1HW on **Wednesday, 20 September 2006** at 11 a.m. for the following purposes:

To consider and if thought fit, pass Resolution 1, 2, 3, 4, 5, 6, 7 and 8 as Ordinary Resolutions and Resolutions 9, 10 and 11 as Special Resolutions:-

1. To receive and adopt the audited financial statements of the Company for the year ended 31 March 2006 and the directors' and auditors' reports thereon.

2. To approve the Directors' Remuneration Report.

3. To re-elect Geoffrey Ronald Mayhill as a director.

4. To re-elect Sarah Ann Collis as a director.

5. To re-elect Charles McLeod as a director.

6. To re-elect Timothy Sullivan as a director.

7. To re-appoint PKF LLP as auditors of the Company and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

8. AUTHORITY TO ALLOT RELEVANT SECURITIES

THAT the directors be generally and unconditionally authorised in accordance with Section 80 of the Act to allot shares up to a maximum nominal amount of £200,000 this authority to expire at the conclusion of the Company's annual general meeting in calendar year 2007 (unless previously revoked, varied or extended by the company in general meeting but so that such authority allows the company to make Offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority).

9. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

To empower the Directors pursuant to Section 95(1) of the Act to allot or make offers or agreements to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in resolution 8 as if Section 89(1) of the Act did not apply to any such allotments and so that:

(a) reference to allotment in this Resolution shall be construed in accordance with Section 94 of the said Act; and

(b) the power conferred by this Resolution shall enable the company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company for the calendar year 2007.

10. AUTHORITY TO MAKE MARKET PURCHASES

THAT the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 1p each in the Company ("ordinary shares") provided that:

(a) the maximum number of Ordinary Shares so authorised to be purchased shall not exceed 14.99% of the present issued Ordinary Share Capital of the Company;

(b) the minimum price which may be paid for an ordinary share shall be 1p;

(c) the maximum price, exclusive of expenses, which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;

(d) the authority conferred comes to an end at the conclusion of the Annual General Meeting of the Company for the calendar year 2007; and

(e) that the Company may enter into a contract to purchase its ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

11. CHANGE OF NAME

THAT the name of the Company be changed to Baydonhill plc

By Order of the Board

160 Brompton Road
Knightsbridge
London
SW3 1HW

G K Urquhart FCIS
Secretary

29 August 2006

NOTES

a) A member entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the Registrars of the Company, so as to be received by no later than 48 hours before the time the Extraordinary General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the extraordinary meeting.

c) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the ordinary shares of the Company kept in accordance with Section 325 of the Companies Act 1985 and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the Extraordinary General Meeting, and for at least 15 minutes prior to the commencement of the meeting until its conclusion.

Proxy Form - The 4Less Group plc

Annual General Meeting – 20 September 2006

I/We ……………………………………………………………………………………………………….(block capitals please)

of …………………………………………………………………………………………………….

being a member of The 4Less Group plc, hereby appoint

……..

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company for the calendar year 2006 to be held on 20 September 2006 at 11am at 160 Brompton Road, Knightsbridge, London, SW3 1HW, notice of which was sent to shareholders with the directors' report and the accounts for the year ended 31 March 2006, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number		For	Against	Withheld
1.	To receive, consider and adopt the financial statements for the period to 31 March 2006	☐	☐	☐
2.	To approve the Directors' Remuneration Report	☐	☐	☐
3.	To re-elect Geoffrey Ronald Mayhill as a director.	☐	☐	☐
4.	To re-elect Sarah Ann Collis as a director.	☐	☐	☐
5.	To re-elect Charles McLeod as a director.	☐	☐	☐
6.	To re-elect Timothy Sullivan as a director.	☐	☐	☐
7.	To re-appoint PKF as auditors and authorise the directors to determine their remuneration	☐	☐	☐
8.	To authorise the directors to allot shares **(Ordinary Resolution)**	☐	☐	☐
9.	To disapply Section 89(1) of the Companies Act 1985 **(Special Resolution)**	☐	☐	☐
10.	To authorise the directors to make market purchases of its own shares by utilising distributable reserves of the Company **(Special Resolution)**	☐	☐	☐
11.	To change the name of the Company to Baydonhill plc **(Special Resolution)**	☐	☐	☐

Signed: …………………………………………………. Dated: ……………………..……………….. … 2006

NOTES

1. A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided.
2. Use of the proxy form does not preclude a member from attending and voting in person.
3. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
5. To be valid, the proxy form must be received by the Registrars no later than 48 hours before the commencement of the meeting.

Notes