

Registration Number 5233138

Cygnus Multimedia Communications, Limited

Director's Report and Financial Statements

for the period ended 31 December 2005



Cygnus Multimedia Communications, Limited

Company Information

Director	Cygnus Communications, Inc.
Secretary	Nair Commercial Services Limited
Company Number	5233138
Registered Office	c/o Nair & Co Whitefriars Lewins Mead Bristol BS1 2NT
Auditor	Baker Tilly 1 Georges Square Bath Street Bristol BS1 6BP
Bankers	Barclays Bank Plc Swindon Business Centre PO Box 1155 Chippenham SN15 3XR

Cygnus Multimedia Communications, Limited

Contents

	Page
Director's Report	1-2
Auditors' Report	3-4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-11

Cygnus Multimedia Communications, Limited

Director's Report for the period ended 31 December 2005

The director presents its first report and financial statements for the period ended 31 December 2005.

Principal Activity and Review of the Business

The company was incorporated on 16 September 2004 and started trading on the same date. The principal activity of the company is to provide marketing services to its parent company, Cygnus Communications, Inc. The director considers the results for the period to be satisfactory and anticipates similar levels of activity during 2006.

Post Balance Sheet Events

On 2 February 2006, the parent company, Cygnus Communications, Inc. merged with NextWave Wireless LLC. Since the merger, Cygnus Communications, Inc. has operated as a wholly owned subsidiary of NextWave Wireless LLC.

Results And Dividends

The results for the period are set out on page 5.

The director does not recommend payment of a final dividend.

Director and its Interests

The director who served during the period and its interests in the company are as stated below:

	Ordinary Shares	
	As at 31 December 2005	As at 16 September 2004
Cygnus Communications, Inc.	100	100

Director's Responsibilities

UK Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company as at the end of the financial period and of the profit or loss of the company as at the end of the financial period.

In preparing these the director is required to:

- select suitable accounting policies and 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 company will continue in business.

Cygnus Multimedia Communications, Limited


**Director's Report
for the period ended 31 December 2005**

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for the system of internal controls, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on October 13, 2006 and signed on its behalf by


.....
Nair Commercial Services Limited
Secretary *Secretary - Nair Commercial Services Limited*

Independent auditor's report to the shareholders of Cygnus Multimedia Communications, Limited

We have audited the financial statements on pages 5 to 11.

This report is made solely to the company's shareholders, 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The director's 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 Director's 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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. This other information comprises only the Directors' Report. 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 other information.

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 company's circumstances, consistently applied and adequately disclosed.

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

Cygnus Multimedia Communications, Limited

**Independent auditor's report to the shareholders of Cygnus Multimedia Communications,
Limited**

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 company's affairs as at 31 December 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

**Baker Tilly
Registered Auditor
Chartered Accountants
1 Georges Square
Bath Street
Bristol
BS1 6BP**

13 October 2006

Cygnus Multimedia Communications, Limited

**Profit and Loss Account
for the period ended 31 December 2005**

		Period from 16 September 2004 to 31 December 2005
	Notes	£
Turnover	2	164,081
Administrative expenses		(162,062)
Operating profit		<u>2,019</u>
Interest receivable and similar income	4	140
Profit on ordinary activities before taxation	3	<u>2,159</u>
Tax on profit on ordinary activities	7	-
Retained profit for the period		<u><u>2,159</u></u>

There are no recognised gains or losses other than the profit for the period.

All operations of the company continued throughout the period and no operations were acquired or discontinued.

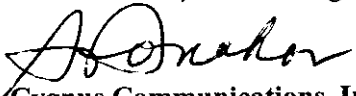
The notes on pages 7 to 11 form an integral part of these financial statements.

Cygnus Multimedia Communications, Limited

**Balance Sheet
as at 31 December 2005**

	Notes	2005	
		£	£
Current Assets			
Debtors	8	6,472	
Cash at bank and in hand		<u>6,668</u>	
		13,140	
Creditors: amounts falling due within one year	9	<u>(10,881)</u>	
Net Current Assets			2,259
Total Assets Less Current Liabilities			<u>2,259</u>
Capital and Reserves			
Called up share capital	10		100
Profit and loss account			2,159
Equity Shareholder's Funds	11		<u>2,259</u>

The financial statements were approved and authorised for issue by the Board on October 4, 2006 and signed on its behalf by


Cygnus Communications, Inc
Director

The notes on pages 7 to 11 form an integral part of these financial statements.

**Notes to the Financial Statements
for the period ending 31 December 2005**

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Basis of preparation

The financial statements are prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

The director has prepared the accounts on a going concern basis, which assumes that the company will achieve sufficient financial resources, in order to meet its short and medium term liability requirements. The company relies on the support of its parent company, Cygnus Communications, Inc. who has confirmed that they will continue to provide this for the foreseeable future.

Cygnus Multimedia Communications, Limited is included in the consolidated financial statements of Cygnus Communications, Inc. which are publicly available. Consequently the company has also taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996).

1.2 Turnover

Turnover represents the amounts (excluding value added tax) derived from its principal activity wholly undertaken in the UK.

1.3 Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

1.4 Deferred taxation

Deferred taxation is provided in full on the timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from those differences in periods in which they are included in the financial statements and tax computations. Deferred tax assets and liabilities are not discounted.

1.5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

Cygnus Multimedia Communications, Limited

**Notes to the Financial Statements
for the period ending 31 December 2005**

2. Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

**Period from
16 September 2004
to 31 December 2005
£**

Profit on ordinary activities is stated after charging:

Foreign currency loss	7,053
Auditor's Fees	<u>3,500</u>

4. Interest receivable

**Period from
16 September 2004
to 31 December 2005
£**

Bank interest	9
Interest received from parent undertaking	<u>131</u>
	<u>140</u>

5. Employees

Number of employees

The average monthly number of employees (including the directors) during the period was:

**Period from
16 September 2004
to 31 December 2005
No.**

Production	<u>1</u>
Total	<u>1</u>

**Notes to the Financial Statements
for the period ending 31 December 2005**

Employment costs (cont.)

Period from 16 September 2004 to 31 December 2005	
	£
Gross salaries	79,286
Social security cost	9,323
	<u>88,609</u>

6. Director's emoluments

The director did not receive any remuneration during the period.

7. Taxation

a. UK current year taxation

Period from 16 September 2004 to 31 December 2005	
	£

Current tax:

UK corporation tax at 30% on taxable profits for the year

-

Tax on profit on ordinary activity

-

b. Factors affecting tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

Period from 16 September 2004 to 31 December 2005	
	£

Current tax reconciliation:

Profit on ordinary activities before tax

2,159

Current tax at 30%

648

Effects of:

Expenses not deductible for tax purposes
Small companies marginal tax relief

630

(1,278)

Total current tax charges

-

Cygnus Multimedia Communications, Limited

**Notes to the Financial Statements
for the period ending 31 December 2005**

8. Debtors

31 December 2005
£

Amount due from group undertaking	4,913
Other debtors	847
Prepayments and accrued income	712
	<u>6,472</u>

9. Creditors: amounts falling due within one year

31 December 2005
£

Other taxes and social security costs	2,241
Accruals and deferred income	8,640
	<u>10,881</u>

10. Share capital

31 December 2005
£

Authorised equity	
100,000 Ordinary shares of £1 each	<u>100,000</u>
Allotted, called up and fully paid equity	
100 Ordinary shares of £1 each	<u>100</u>

100 ordinary shares of £1 each were issued at par on incorporation.

Cygnus Multimedia Communications, Limited

**Notes to the Financial Statements
for the period ending 31 December 2005**

11. Reconciliation of movement in shareholder's funds

	Period from 16 September 2004 to 31 December 2005 £	Period from 16 September 2004 to 31 December 2005 £	Period from 16 September 2004 to 31 December 2005 £
	Share Capital	Profit & Loss reserve	Total
Profit for the year	-	2,159	2,159
Net addition to shareholder's funds	-	2,159	2,159
Issue of new shares	100	-	100
Closing shareholder's funds	<u>100</u>	<u>2,159</u>	<u>2,259</u>

12. Related party disclosures

Cygnus Multimedia Communications, Limited, a wholly owned subsidiary of NextWave, Inc. has taken advantage of the exemption available under Financial Reporting Standard No. 8 not to disclose transactions with other 90% members of the group.

The whole of the company's turnover arises from transactions with Cygnus Communications, Inc. the immediate parent company.

13. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Cygnus Communications, Inc. incorporated in the United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by Cygnus Communications, Inc. incorporated in the United States of America. The consolidated accounts of this company are available to the public and may be obtained from NextWave, Inc. 12670 High Bluff Drive, San Diego, CA 92130, USA. No other group accounts include the results of the company.

The following pages do not form part of the statutory accounts and are for the director's
information only

Cygnus Multimedia Communications, Limited

**Detailed Trading Profit and Loss Account
and Expenses Schedule
for the period ended 31 December 2005**

	Period from	
	16 September 2004 to	
	31 December 2005	
	£	£
Sales		164,081
Gross Profit		<u>164,081</u>
<u>Administrative expenses</u>		
Salaries	79,286	
Employers payroll tax	9,323	
Office Supplies	286	
Telephone	649	
Freight	27	
Meetings & conferences	475	
Books, dues & subscriptions	1,436	
Travel	16,783	
Employee meals	1,097	
Entertaining	62	
Professional fees	43,590	
Insurance	472	
Bank service charges	610	
Foreign exchange loss	7,053	
Other expenses	<u>913</u>	
		(162,062)
Operating Profit		<u><u>2,019</u></u>