

Registration Number 5233138

Cygnus Multimedia Communications, Limited

Director's Report and Financial Statements

for the year ended 31 December 2007



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 UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Banker	Lloyds TSB Bank Plc 55 Corn Street Bristol BS1 1HT

Cygnus Multimedia Communications, Limited

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Cygnus Multimedia Communications, Limited

Director's Report for the year ended 31 December 2007

The director presents its report and financial statements of Cygnus Multimedia Communications, Limited ("the company") for the year ended 31 December 2007

Principal Activity and Review of the Business

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 year to be satisfactory. However, with effect from 1 January 2008 the company has become dormant. The UK based employee transferred employment to the US parent company during November 2007.

Results and Dividends

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

The director does not recommend payment of a final dividend (2006 Nil).

Director and its Interests

The director who served the company during the year was
Cygnus Communications, Inc.

Political and charitable contributions

The company made no political and charitable contributions during the year (2006 Nil).

Director's Responsibilities

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

In preparing these financial statements 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 it to ensure that the financial statements comply with the requirements of the Companies Act 1985. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cygnus Multimedia Communications, Limited

**Director's Report
for the year ended 31 December 2007 (continued)**

Auditor

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

Statement as to disclosure of information to the auditor

The director who was in office on the date of approval of these financial statements has confirmed, as far as it is aware that there is no relevant audit information of which the auditor is unaware. That director has confirmed that it has taken all the necessary steps that it ought to have taken as director in order to make itself aware of any relevant audit information and to establish that it has been communicated to the auditor

Small company provisions

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

This report was approved by the Board on 21 October 2008 and signed on its behalf by

By order of the Board



**Nair Commercial Services Limited
Secretary**

**Independent Auditor's Report
to the member of Cygnus Multimedia Communications, Limited**

We have audited the financial statements of Cygnus Multimedia Communications, Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditor

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition, we 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 director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 judgements made by the director 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.

Independent Auditor's Report
to the member of Cygnus Multimedia Communications, Limited (continued)

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 at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Date *31/10/2008*

Cygnus Multimedia Communications, Limited

Profit and Loss Account for the year ended 31 December 2007

		Year ended 31 December 2007	Year ended 31 December 2006
	Notes	£	£
Turnover	2	121,825	127,835
Administrative expenses		(119,789)	(122,453)
Operating profit	3	<u>2,036</u>	<u>5,382</u>
Interest receivable and similar income	4	231	48
Profit on ordinary activities before taxation		<u>2,267</u>	<u>5,430</u>
Tax on profit on ordinary activities	7	(1,491)	(2,506)
Profit on ordinary activities after taxation		<u><u>776</u></u>	<u><u>2,924</u></u>

All of the above results were derived from discontinued activities

The notes on pages 7 to 14 form an integral part of these financial statements.


Cygnus Multimedia Communications, Limited

**Balance Sheet
as at 31 December 2007**

		2007		2006	
	Notes	£	£	£	£
Current assets					
Debtors	8	16,821		12,953	
Cash at bank and in hand		<u>17,263</u>		<u>16,970</u>	
		34,084		29,923	
Creditors: amounts falling due within one year	10	<u>(15,631)</u>		<u>(15,775)</u>	
Net current assets			18,453		14,148
Total assets less current liabilities			<u>18,453</u>		<u>14,148</u>
Capital and reserves					
Called up share capital	12		100		100
Other equity reserves			-		18,212
Profit and loss account	13		18,353		(4,164)
Equity shareholder's funds	13		<u>18,453</u>		<u>14,148</u>

These accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies

The financial statements were approved and authorised for issue by the Board on *13 October 2008* and signed on its behalf by



Cygnus Communications, Inc.
Director

The notes on pages 7 to 14 form an integral part of these financial statements

Cygnus Multimedia Communications, Limited

Notes to the Financial Statements for the year ended 31 December 2007

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, NextWave Wireless LLC which 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 NextWave Wireless LLC, 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 invoiced (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 when amounts assessed for tax purposes differ from those included in the financial statements. 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 year ended 31 December 2007(continued)

1.6 Share based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised over the vesting period, which ends on the date on which the relevant employee becomes fully entitled to the award. Fair value is determined by the directors using an appropriate pricing model. In valuing equity settled transactions, no account is taken of any vesting conditions, or other conditions linked to the price of the shares of the parent company NextWave Wireless LLC (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market conditions are satisfied, providing that all other conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

When the terms of equity settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, any expense is recognised over the remainder of the new vesting period for the incremental fair value of any modifications, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this modification is negative.

Where an equity settled award is cancelled it is treated as if it has vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

2. Turnover

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

Cygnus Multimedia Communications, Limited

Notes to the Financial Statements for the year ended 31 December 2007 (continued)

3. Operating profit

	Year ended 31 December 2007	Year ended 31 December 2006
	£	£
Operating profit on ordinary activities is stated after charging/(crediting)		
Foreign currency loss / (gain)	1,017	(3,894)
Auditor's fees	5,000	4,000

4. Interest receivable & similar income

	Year ended 31 December 2007	Year ended 31 December 2006
	£	£
Bank interest	81	-
PAYE Online Filing Incentive	150	-
Interest received from parent undertaking	-	48
	<u>231</u>	<u>48</u>

5. Employees

Number of employees

The average monthly number of employees during the year was

	Year ended 31 December 2007	Year ended 31 December 2006
	No	No
Technical support	<u>1</u>	<u>1</u>
Total	<u>1</u>	<u>1</u>

Employment costs (cont.)

	Year ended 31 December 2007	Year ended 31 December 2006
	£	£
Gross salaries	62,461	66,099
Social security cost	7,483	6,708
Total	<u>48,203</u>	<u>72,807</u>

Included within salaries is a total expense of share-based payment account of £3,529 (2006 £6,796 cost)

Cygnus Multimedia Communications, Limited
Notes to the Financial Statements
for the year ended 31 December 2007 (continued)

6. Director's emoluments

The director did not receive any remuneration during the year (2006 £Nil)

7. Taxation

a. UK current year taxation

	Year ended 31 December 2007	Year ended 31 December 2006
	£	£
Current tax:		
UK corporation tax at 20% on taxable profits for the year (2006 19%)	2,379	3,797
	<u>2,379</u>	<u>3,797</u>
Deferred tax:		
Origination and reversal of timing differences (note 9)	(888)	(1,291)
Tax on profit on ordinary activity	<u>1,491</u>	<u>2,506</u>

b. Factors affecting tax charge for the current year

The current tax charge for the year is higher (2006 higher) than the standard rate of corporation tax in the UK of 20% (2006 19%) The differences are explained below

	Year ended 31 December 2007	Year ended 31 December 2006
	£	£
Current tax reconciliation:		
Profit on ordinary activities before tax	2,267	5,430
Current tax at 20% (2006 19%)	453	1,032
Effects of		
Disallowed expenses and non-taxable income	1,223	1,477
Prior year adjustment	(185)	(3)
Other timing differences	888	1,291
Total current tax charges	<u>2,379</u>	<u>3,797</u>

Cygnus Multimedia Communications, Limited
Notes to the Financial Statements
for the year ended 31 December 2007 (continued)

8. Debtors

	2007	2006
	£	£
Amount due from group undertaking	10,937	7,594
Other debtors	1,377	1,660
Prepayments and accrued income	159	239
Deferred tax	4,348	3,460
	<u>16,821</u>	<u>12,953</u>

9. Deferred taxation

	2007	2006
	£	£
The deferred tax included in the Balance sheet is as follows		
Included in debtors (note 8)	<u>4,348</u>	<u>3,460</u>
The movement during the year was		
At 1 January	3,460	2,169
Profit and loss account movement arising in the year	<u>888</u>	<u>1,291</u>
At 31 December	<u>4,348</u>	<u>3,460</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of		
Other timing differences	<u>4,348</u>	<u>3,460</u>
	<u>4,348</u>	<u>3,460</u>

10. Creditors: amounts falling due within one year

	2007	2006
	£	£
Other taxes and social security costs	-	2,137
Corporation tax	3,682	3,797
Accruals and deferred income	<u>11,949</u>	<u>9,841</u>
	<u>15,631</u>	<u>15,775</u>

Cygnus Multimedia Communications, Limited
Notes to the Financial Statements
for the year ended 31 December 2007 (continued)

11. Share based Payments

All employees were entitled during 2006 to a grant of NextWave Wireless LLC stock options. Each grant was at the discretion of the board of Directors of the parent company, NextWave Wireless LLC.

The contractual life of the options was 10 years, and the vesting period varied for each employee.

During 2007, due to the transfer of employment of the employee to NextWave Wireless LLC, any outstanding stock options were transferred to the parent company accounts.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movement in, share options during the year.

	2007	2007	2006	2006
	No.	WAEP	No.	WAEP
Opening balance	8,278	2.81	3,823	4.45
Granted during the year	-	-	4,455	1.40
Transferred	(8,278)	2.81	-	-
Outstanding at 31 December	-	-	8,278	2.81
Exercisable at 31 December	-	-	-	-

No options were granted prior to 7 November 2002.

The range of exercise prices for options outstanding as at 31 December was £1.40-£4.45. The fair value of equity-settled share options granted was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

	2006
Dividend yield	0.00
Expected share price volatility	50%
Historical volatility	50%
Risk-free interest rate (%)	4.76
Expected life of option (years)	4.70

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Cygnus Multimedia Communications, Limited
Notes to the Financial Statements
for the year ended 31 December 2007 (continued)

12. Share capital

	31 December 2007	31 December 2006
	£	£
Authorised equity		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. Capital and reserves

	Called up Share Capital £	Other Equity Reserves £	Profit and Loss Reserve £	Total £
Opening shareholder's funds	100	18,212	(4,164)	14,148
Profit for the financial year	-	-	776	776
Charge for share based awards	-	3,529	-	3,529
Transfer in reserves	<u>-</u>	<u>(21,741)</u>	<u>21,741</u>	<u>-</u>
Closing shareholder's funds	<u>100</u>	<u>-</u>	<u>18,353</u>	<u>18,453</u>

14. Related party disclosures

Cygnus Multimedia Communications, Limited, a wholly owned subsidiary of Cygnus Communications, 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

Cygnus Multimedia Communications, Limited

Notes to the Financial Statements for the year ended 31 December 2007 (continued)

15. 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. Cygnus Communications, Inc was acquired by NextWave Wireless LLC on February 2, 2006.

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

16. Contingent liabilities

In the opinion of the director, there were no contingent liabilities as at 31 December 2007 (2006 Nil).

17. Capital and financial commitments

In the opinion of the director, there were no capital and financial commitments as at 31 December 2007 (2006 Nil).