

Abbreviated Accounts for the Year Ended 31 December 2005

for

Hybyte Solutions & Services Ltd



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for the Year Ended 31 December 2005

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Hybyte Solutions & Services Ltd

Company Information
for the Year Ended 31 December 2005

DIRECTORS:

B Choudhrie
C P Thomas
M M Barbieri

SECRETARY:

Pensec Ltd

REGISTERED OFFICE:

1st Floor
Bucklesbury House
83 Cannon Street
London
EC4N 8PE

REGISTERED NUMBER:

4033364 (England and Wales)

AUDITORS:

Cheshams Accountants Ltd
Chartered Certified Accountants
& Registered Auditor
1st Floor, Tudor House
44-50 Bath Road
Hounslow
Middlesex
TW3 3EB

SOLICITORS:

Penningtons
1st Floor
Bucklersbury House
83 Cannon Street
London EC4N 8PE

Report of the Independent Auditors to
Hybyte Solutions & Services Ltd
Under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages three to six, together with the full financial statements of the company for the year ended 31 December 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages three to six are properly prepared in accordance with those provisions.

Other information

On 26 October 2006 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31 December 2005 prepared under Section 226 of the Companies Act 1985, and our report included the following paragraph:

"Going concern

The Financial statements have been prepared under the going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. The company directors are satisfied that the company has reasonable resources to enable them to continue in business for the foreseeable future. Our opinion is not qualified in this respect."



Cheshams Accountants Ltd
Chartered Certified Accountants
& Registered Auditor
1st Floor, Tudor House
44-50 Bath Road
Hounslow
Middlesex
TW3 3EB

26 October 2006

Hybyte Solutions & Services Ltd**Abbreviated Balance Sheet****31 December 2005**

		31.12.05		31.12.04	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		21,206		49,815
Investments	3		1		173,599
			<u>21,207</u>		<u>223,414</u>
CURRENT ASSETS:					
Debtors		929,719		1,524,731	
Prepayments and accrued income		280,979		79,627	
Cash at bank and in hand		284,420		55,596	
		<u>1,495,118</u>		<u>1,659,954</u>	
CREDITORS: Amounts falling due within one year		<u>2,539,049</u>		<u>885,555</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(1,043,931)</u>		<u>774,399</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>(1,022,724)</u>		<u>997,813</u>
CREDITORS: Amounts falling due after more than one year			<u>6,212,827</u>		<u>6,212,827</u>
			<u>£(7,235,551)</u>		<u>£(5,215,014)</u>
CAPITAL AND RESERVES:					
Called up share capital	4		50,000		50,000
Foreign exchange translation reserve in subsidiary			-		23,470
Profit and loss account			<u>(7,285,551)</u>		<u>(5,288,484)</u>
SHAREHOLDERS' FUNDS:			<u>£(7,235,551)</u>		<u>£(5,215,014)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

ON BEHALF OF THE BOARD:



M M Barbieri - Director

Approved by the Board on 26 October 2006

The notes form part of these abbreviated accounts

Notes to the Abbreviated Accounts
for the Year Ended 31 December 2005

1. ACCOUNTING POLICIES

Non-Consolidation of Group Accounts

The Company has taken advantage of the statutory exemption not to prepare group accounts by virtue of its size, as permitted by section 248 of the Companies Act 1985. The information contained in these accounts relates to the company as an individual undertaking and not to the group.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 33% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Research and Development

Research and development costs include programmers salaries and other expenses incurred by the company to develop new products and prototypes that aims to break new grounds in mobile technology. Research and development costs are charged to the profit and loss account in the year in which they are incurred. Where SSAP13 criteria are met the expenditure is deferred and amortised over the estimated useful life of the asset.

2. TANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1 January 2005	415,084
Additions	18,555
	<hr/>
At 31 December 2005	433,639
	<hr/>
DEPRECIATION:	
At 1 January 2005	365,269
Charge for year	47,164
	<hr/>
At 31 December 2005	412,433
	<hr/>
NET BOOK VALUE:	
At 31 December 2005	21,206
	<hr/>
At 31 December 2004	49,815
	<hr/>

Hybyte Solutions & Services Ltd

Notes to the Abbreviated Accounts for the Year Ended 31 December 2005

3. FIXED ASSET INVESTMENTS

	£
COST OR VALUATION:	
At 1 January 2005	173,599
Deficit on revaluation	(3,820)
	<hr/>
At 31 December 2005	169,779
	<hr/>
PROVISIONS:	
Provision during year	169,778
	<hr/>
At 31 December 2005	169,778
	<hr/>
NET BOOK VALUE:	
At 31 December 2005	1
	<hr/>
	<hr/>
At 31 December 2004	173,599
	<hr/>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Hybyte AG

Country of incorporation: Germany

Nature of business: SMS card supplier & mobile content aggregator

	%
Class of shares:	holding
Ordinary	100.00

	31.12.05	31.12.04
	£	£
Aggregate capital and reserves	(1,188,887)	(1,100,924)
Loss for the year	(112,188)	(194,205)
	<hr/>	<hr/>

The company has a 100% subsidiary in Germany called HybyteAG which has a subscribed and issued share capital of 250000 Euros. Differences of exchange arising from the retranslation of the investment in the German subsidiary is taken against the amount due from the subsidiary company.

4. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.05	31.12.04
			£	£
50,000	Ordinary	£1.00	50,000	50,000
			<hr/>	<hr/>

5. ULTIMATE PARENT COMPANY

As at the balance sheet date the company is a 91% subsidiary of Harberry Investments Limited a company based in Tortola, British Virgin Islands. The other 9% is held by Microbyte Investments limited a company also registered in Tortola, British Virgin Islands.

Notes to the Abbreviated Accounts
for the Year Ended 31 December 2005

6. RELATED PARTY DISCLOSURES

Financial Reporting Standard 8, 'Related Party Transactions', requires the details of material transactions between the reporting entity and related parties. The Group has taken advantage of exemptions under Financial Reporting Standard 8 not to disclose transactions between group companies.

Mr C.P.Thomas and Mr B.Choudhrie are also directors of Enfranchise 421 Limited, SW1 Properties Ltd, and C&C Sons Limited. The company received short term loans which are included in Other Creditors. The Amounts were as follows:

Enfranchise Limited £ 24,189 (2004 £24,189)

C & C Sons Limited £965,768 (2004 £209,418)

SW1 Properties Ltd £ 32,000 (2004 £ 32,000)

Mr C.P.Thomas, and Mr B.Choudhrie are directors of Hybyte AG, a 100% subsidiary of Hybyte Solutions & Services Ltd. The company advanced short term loans to Hybyte AG. The amount outstanding as on 31st December was £1,293,977.07 (£1,211,937.54 as on 31st December 2004.) The directors have decided to provide for this debt in full as they do not feel at this stage the amount could be recoverable.

7. PROVISION FOR IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

During the year the directors reviewed the investments (shares and loans) held in the Subsidiary Hybyte AG. The directors believe that due to the current financial position of Hybyte AG it is necessary to provide for impairment of the total value of the investment held in Hybyte AG resulting in a charge of £1,444,105 to the profit and loss account