

Airia Limited

Directors' Report and Abbreviated Financial Statements for the year ended 31 December, 2004

Company number 3990064



Airia Limited

INDEX TO DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Page

Balance sheet as at 31 December 2004	2
--	---

Notes to the financial statements	3
---	---

AIRIA LTD
NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004
BALANCE SHEET AT 31 DECEMBER 2004

(US\$000)	Note	As at 31 December 2004	As at 31 December 2003
Fixed assets			
Intangible fixed assets	3(a)	0	0
Tangible fixed assets	3(b)	1,070	1,504
Investments	4	809	809
Total fixed assets		1,879	2,313
Current assets			
Debtors.....			
- Amounts falling due within one year		0	0
- Amounts falling due after one year	5	295	0
Cash at bank and in hand		1,343	2,136
Total current assets		1,638	2,136
Creditors - amounts falling due within one year		0	(271)
Net current assets.....		1,638	1,865
Total assets less current liabilities		3,517	4,178
Creditors - amounts falling due after one year		0	0
Net assets.....		3,517	4,178
Capital and reserves			
Called up share capital	7	10,003	10,003
Share premium account.....	8	13,998	13,998
Shares to be issued	8	0	0
Profit and loss account	8	(19,823)	(19,823)
Total shareholders' funds.....		4,178	4,178
Analysis of shareholders' funds			
Equity	7	(5,822)	(5,822)
Non-equity	7	10,000	10,000
		4,178	4,178

For the year ended 31 December 2004 the company was entitled to exemption under section 249A(1) of the Companies Act 1985. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2). The directors acknowledge their responsibility for ensuring the company keeps accounting records which comply with section 221 and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year and of its profit and loss account in accordance with section 226 and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as is applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board on 31 January 2006 by:



V. Rajkumar
Director

1. Background and basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently except where stated otherwise, are described in note 2 below.

During the financial year ended 31 December 2004, the Company has continued to invest in its service modules, sales partners and through its research and development programmes. Further working capital is required in order to secure sales channels.

This additional funding is likely to come from one or a number of sources, including further funding from the Company's remaining shareholder, introduction of another joint venture partner or from a third party lender. Preliminary discussions are taking place on the additional finance that may be provided and long term financing of the Company.

The financial statements have been prepared on the going concern basis as the shareholders have indicated their continuing willingness to support the company.

The financial statements contain information about Airia Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small sized group.

2. Summary of significant accounting policies

The Company has reviewed its accounting policies in line with FRS 18 'Accounting Policies' and adopted accounting policies most appropriate to its business so as to give a true and fair view as well as disclose sufficient information to enable users to understand the policies adopted and how they have been applied in the financial statements.

FRS 19 'Deferred tax' has been adopted in the year further details of which are given below.

Revenue

The Company did not record any revenues for the period.

Pensions

The Company did not offer a pension or defined benefit plan in 2004.

Advertising costs

Advertising costs are expensed as incurred.

Taxation

The Company has adopted FRS 19 'Deferred Tax' from 1 January 2002 and this is reflected in these financial statements. The adoption of FRS 19 has not resulted in a change to the retained loss or net assets in either 2003 or 2004.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Intangible fixed assets

Intangible fixed assets comprise intellectual property and goodwill, which reflects the excess of the consideration paid over the fair value of the assets acquired. Intangibles are amortised using the straight-line method over their estimated useful life.

Depreciation of fixed assets

Depreciation is calculated to write off the historical cost of fixed assets, except land, on a straight-line basis over the expected useful lives of the assets concerned. Depreciation commences once the assets enter into service. The principal annual rates used for this purpose are:

Fixtures and fittings, and other building-related equipment.....	10.0%
Buildings.....	4.0%
Other fixed assets and Network Infrastructure.....	20.0-33.3%

Asset impairment

The Company evaluates potential impairment loss related to long-lived assets, including intangible assets, when a change in circumstances occurs, by assessing whether the carrying amount can be recovered over the remaining life. Impairment is recognised if the recoverable amount (the higher of net realisable value and value in use) falls below its carrying value.

Functional currency

The Company's principal cash flows are primarily denominated in US dollars so the Company has adopted the US dollar as its reporting currency. The £ sterling / US dollar exchange rate at 31 December 2004 was £1/\$1.916 (2003 - £1/\$1.78). The average £sterling/US dollar exchange rate during 2004 was 1.810 (2003: 1.625).

3(a). Intangible fixed assets

(US\$000)	Intellectual Property	Goodwill	Total
Cost at 1 January 2004 and 31 December 2004.....	9,001	1,500	10,501
Accumulated amortisation at 1 January 2004	9,001	1,500	10,501
Charge for the year.....	0	0	0
Accumulated amortisation at 31 December 2004.....	9,001	1,500	10,501
Net book amount at 31 December 2004	0	0	0
Net book amount at 31 December 2003	0	0	0

3(b). Tangible fixed assets

(US\$000)	Network infrastructure
Cost	
at 1 January 2004	1,914
Additions in the year	0
Write off and Disposals	0
Cost at 31 December 2004	1,914
Accumulated depreciation	
at 1 January 2004	410
Charged for the year	435
Write off and Disposal	0
Accumulated depreciation at 31 December 2003	845
Net book amount at 31 December 2004	1,070
Net book amount at 31 December 2003	1,504

4. Investments

	Principal Activity	US\$000	Trading	Country of Incorporation and operation	Effective interest in issued share capital at December 31, 2003
Airia Inc.	Telecommunications	809	Trading	USA	100%
Airia Services Limited	Telecommunications	0	Dormant	England and Wales	100%

5 Debtors—amounts falling due after more than one year

(US\$000)	As at 31 December 2004	As at 31 December 2003
Amounts receivable due from Subsidiary	295	0

6. Commitments

The Company did not have any annual commitments under non-cancellable operating leases.

At 31 December 2004 the Company had capital commitments of \$ 0 (none) (2003 ; \$0).

AIRIA LTD
NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

7. Called up share capital

(US\$000)	As at 31 December 2004	As at 31 December 2003
Authorised:		
800 ordinary "A" shares of US\$1.00 each	1	1
200 ordinary "B" shares of US\$1.00 each	-	-
10,000,000 ordinary "C" shares of US\$0.01 each	100	100
100,004 ordinary "D" shares of US\$100 each	10,000	10,000
	<u>10,101</u>	<u>10,101</u>
Allotted, issued and fully paid:		
84 "A" shares of US\$1.00 each	-	-
21 "B" shares of US\$1.00 each	-	-
210,000 "C" shares of US\$0.01 each	2	2
100,000 "D" shares of US\$100 each	10,000	10,000
	<u>10,003</u>	<u>10,003</u>

"A" and "B" shares carry voting rights, but no rights to income or capital distributions, and accordingly are classified as non-equity shares. "C" shares have no voting rights, but carry unlimited rights to income and capital distributions, and accordingly are classified as equity shares. "D" shares carry no voting rights, have no rights to income distributions but have a preference over all other shares on capital distributions, and accordingly are also classified as non-equity shares.

8. Reserves

(US\$000)	Share Premium Account	Shares to be issued	Profit and Loss Account
Adjustment to 2003			0
At 1 January 2004	13,998	0	(19,823)
Removal of requirement to issue shares			
Retained Loss for the year	-		
At 31 December 2004	<u>13,998</u>	<u>0</u>	<u>(19,823)</u>

9. Related Parties and ultimate controlling party

APR Limited, a Barbados registered company is the parent undertaking and is deemed to be the ultimate controlling party.