TECHNOLOGIES MANAGEMENT INC

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

March 22, 2006
Via Overnight Delivery

CRD-T-06-01

Ms. Jean Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington State House
Boise, ID 83720-0074

RE: Application to Provide Facilities-Based Local Exchange and Resale Interexchange Service for **Cordia Communications Corp.**

Dear Ms. Jewell:

Enclosed for filing please find one original and three (3) copies of the Application of Cordia Communications Corp. to provide facilities-based local exchange and resale interexchange service within the State of Idaho.

Please acknowledge receipt of this filing by returning one copy of this transmittal letter date stamped in the self addressed stamped envelope enclosed for that purpose.

Any questions you may have regarding this filing may be directed to my attention at (407) 740-3008 or via email to cneeld@tminc.com. Thank you for your assistance.

Sincerely,

Craig Neeld
Consultant to Cordia Communications Corp.

CN/ks

cc: Maria Abbagnaro - Cordia
file: Cordia – ID local
tms: ID10600

RECEIVED
2004 MAR 29 AM 10:09
IDAHO PUBLIC
UTILITIES COMMISSION

APPLICATION FOR CERTIFICATION

ON BEHALF OF

CORDIA COMMUNICATIONS CORP.

I. Proposed Services

Applicant intends on providing local and interexchange services in the geographic area currently served by Qwest Communications, Inc. Applicant will not build its own facilities but rather resell telecommunications services utilizing Qwest as its underlying carrier.

Applicant intends on marketing to residential and small business consumers in the State of Idaho utilizing a third-party telemarketing firm. Prior to this application, Applicant has not served any consumers within the State of Idaho.

II. Form of Business

1. Applicant is a corporation formed in the State of Nevada; attached to this application is a certified copy of its Articles of Incorporation. Also attached is Applicant's certificate of authority to do business in the State of Idaho. The legal name and address of applicant are:

Cordia Communications, Corp.
445 Hamilton Avenue, Suite 408
White Plains, New York 10601

Applicant intends on operating as a local and long distance telecommunications reseller. Applicant does not intend on maintaining a physical location in the State of Nevada however its registered agent in the State is National Registered Agents, Inc., 1423 Tyrell Lane, Boise, Idaho 83706. Applicant's principal business address is stated above.

2. Applicant is a wholly-owned subsidiary of Cordia Corporation (CORG.OB).

3. Applicants Officers & Directors:

Wesly Minella – President, Secretary, COO
Lorie Guerrera – Treasurer
Patrick Freeman – CEO, Director
Wesly Minella – Director
John Scagnelli – Director

4. Cordia Corporation owns a 100% interest in Applicant.

5. Applicant does not own or control any subsidiaries.

III. Telecommunication Service

1.Applicant does not propose the construction of facilities, as it will be utilizing the underlying network of Qwest Communications, Inc. Applicant proposes to begin providing service upon the Commission's approval of its application, tariff and interconnection agreement with Qwest Communications, Inc. The interconnection agreement was executed on our about January 3, 2006 and will be filed with the Commission for approval in the near future. provide service.

2. Applicant proposes to offer local and long distance telecommunications services to residential and business customers.

IV. Service Territory

1. Cordia Communications Corp. will be offering telecommunications services in the territories within the State of Idaho in which Qwest Communications, Inc. currently offers services. Qwest is the only incumbent local exchange carrier with whom Cordia is likely to compete.

2. Applicant intends to resell the services of Qwest Communications, Inc. Applicant will not be constructing facilities and does not anticipate owning property within the State of Idaho.

3. Applicant is likely to compete with Qwest Communications, Inc. and the other competitive local exchange carriers that offer services in the Qwest territories within the State of Idaho.

4. Applicant does not own property related to its services and operation in the State of Idaho.

V. Financial Information

1. Attached is the Applicants Form 10-QSB as filed with the Securities and Exchange Commission for the period ended September 30, 2005 and from 10-KSB as filed with the Securities Exchange Commission for the period ended December 31, 2004.

VI. "Illustrative" Tariff Filings

Illustrative Tariff is attached to this application.

VII. Customer Contacts

1. Customers may contact Cordia Communications Customer service at 13275 West Colonial Drive, Winter Garden, Florida, 800-916-9950 for inquiries or complaints.

2. The Commission may contact Sheri Long, Cordia Communications, 445 Hamilton Avenue, Suite 408, White Plains, New York 10601, psc@cordiacorp.com for complaint resolution.

The Commission may contact Maria Abbagnaro for matters concerning rates and price lists or tariffs at 914-948-5550 x1054 or mabbagnaro@cordiacorp.com.

VIII. Interconnection Agreements

Applicant has completed interconnection negotiations with Qwest Communications Inc. and executed its interconnection agreement on or about January 3, 2006.

IX. Compliance with Commission Rules

Applicant has reviewed and agrees to comply with all of the Commission's rules.

X. Escrow Account or Security Bond

The company does not require advance deposits by its customers and therefore will not be submitting an executed copy of an escrow account with a bonded escrow agent or a security bond.

CORDIA COMMUNICATIONS CORP.

II. FORM OF BUSINESS

Articles of Incorporation from State of Nevada

Certificate of Authority - State of Idaho

State of Idaho

Office of the Secretary of State

CERTIFICATE OF AUTHORITY

OF

CORDIA COMMUNICATIONS CORP.

File Number C 164162

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that an Application for Certificate of Authority, duly executed pursuant to the provisions of the Idaho Business Corporation Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Authority to transact business in this State and attach hereto a duplicate of the application for such certificate.

Dated: 27 December 2005

Ben Ysursa

SECRETARY OF STATE

By [illegible signature]

CORDIA COMMUNICATIONS CORP.

V. FINANCIAL INFORMATION

Form 10-QSB Period Ended September 30, 2005

Form 10-KSB Period Ended December 31, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)

[X] Quarterly report under Section 13 or 15(d) of the Securities exchange Act of 1934

For the quarterly period ended September 30, 2005

[ ] Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from ___________ to ___________.

Commission File Number:

CORDIA CORPORATION

(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada	11-2917728
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2500 Silverstar Road, Suite 500, Orlando, Florida 32804

(Address of Principal Executive Offices)

866-777-7777

(Issuer's Telephone Number, Including Area Code)

Check whether the registrant filed all documents and reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 or the Exchange Act).
Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS

As of November 11, 2005, there were 5,215,410 shares of the issuer's common stock outstanding.

CORDIA CORPORATION

FORM 10-QSB

INDEX

Item 1. Financial Statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2005 (unaudited)	December 31, 2004
Current Assets		
Cash and cash equivalents	$ 626,597	$ 300,119
Cash - restricted	1,390,784	-
Accounts receivable, less allowance for doubtful accounts of $4,133,423 (2005) and $627,158 (2004)	6,614,287	4,423,423
Prepaid expenses	785,620	324,420
Accrued usage receivable	442,725	263,014
TOTAL CURRENT ASSETS	9,860,013	5,310,976
Property and equipment, at cost		
Office and computer equipment	608,735	236,597
Computer software	457,603	-
Leasehold Improvements	252,426	-
	1,318,764	236,597
Less: Accumulated depreciation/amortization	(239,791)	(59,182)
NET PROPERTY AND EQUIPMENT	1,078,973	177,415
Other Assets		
Security deposits and other assets	194,483	59,064
TOTAL ASSETS	$ 11,133,469	$ 5,547,455
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	$ 3,643,363	$ 3,316,121
Accrued expenses	4,061,675	2,154,910
Unearned income	1,374,283	867,728
Loans payable - other	57,000	57,000
TOTAL CURRENT LIABILITIES	9,136,321	6,395,759
Noncurrent Liabilities		
Deferred rent	44,985	2,840
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock, $0.001 par value; 5,000,000 shares authorized, 1,275,000 shares issued and outstanding	1,275	-
Common stock, $0.001 par value; 100,000,000 shares authorized, 4,832,210 (2005) and 4,541,210 (2004) shares issued and outstanding	4,832	4,541
Additional paid-in capital	5,304,938	3,660,087
Accumulated deficit	(3,262,884)	(4,459,774)
	2,048,161	(795,146)
Less: Treasury stock, at cost, 117,694 (2005) and 77,694 (2004) common shares	(95,998)	(55,998)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	1,952,163	(851,144)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 11,133,469	$ 5,547,455

See notes to condensed consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004
Revenues				
Telecommunications Revenue	$ 30,453,742	$ 6,674,533	$ 11,516,174	$ 3,276,862
Other	570,521	450,661	195,808	134,945
	31,024,263	7,125,194	11,711,982	3,411,807
Operating Expenses				
Resale and Wholesale Line Charges	15,965,714	3,217,955	5,962,601	1,619,574
Sales and Marketing	3,520,247	1,333,616	1,392,772	685,285
Provision for Doubtful Accounts	3,766,457	262,826	1,457,057	193,117
General and Administrative	6,239,013	2,403,067	2,322,939	880,415
Depreciation	183,734	31,119	94,954	13,087
	29,675,165	7,248,583	11,230,323	3,391,478
Operating Income (Loss)	1,349,098	(123,389)	481,659	20,329
Other Income (Expenses)				
Other (expense)	(47,792)	(17,808)	(33,326)	(16,554)
Net Interest Income (expense)	17,999	(7,843)	10,169	(2,096)
	(29,793)	(25,651)	(23,157)	(18,650)
Net Income (Loss)	$ 1,319,305	$ (149,040)	$ 458,502	$ 1,679
Basic Income (Loss) per share	$ 0.29	$ (0.03)	$ 0.10	$ -
Weighted Average Common Shares Outstanding	4,530,397	4,806,579	4,580,580	4,504,808
Diluted Income (Loss) per share	$ 0.21	$ (0.03)	$ 0.07	$ -
Weighted Average Common and Common Equivalent Shares Outstanding	6,183,236	4,806,579	6,585,351	4,504,808

See notes to condensed consolidated financial statements.

CORDIA CORPORAT1ION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30, 2005	2004
Cash Flows From Operating Activities		
Net Income (Loss) from continuing operations	$1,319,305	($149,040)
Adjustments to reconcile net income (loss) to net cash (used) provided by operations		
Compensatory stock expense	54,000	45,600
Provision for doubtful accounts receivable	3,766,457	252,825
Depreciation expense	183,734	31,119
(Increase) decrease in assets:		
Restricted cash	(1,390,784)	-
Accounts receivable	(5,957,321)	(1,685,644)
Prepaid expenses and other current assets	(446,200)	(128,612)
Accrued usage receivable	(179,709)	(102,737)
Security deposits	(101,044)	18,350
Other long term assets	(37,500)	-
Increase (decrease) in liabilities:		
Accounts payable	327,242	937,358
Accrued expenses	1,906,765	807,639
Unearned income	506,555	240,770
Deferred rent	42,145	-
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(6,355)	267,628
Cash Flows from Investing Activities		
Capitalized software costs	(457,603)	-
Leasehold improvements	(252,425)	-
Purchase of property and equipment	(372,139)	(121,370)
NET CASH USED BY INVESTING ACTIVITIES	(1,082,167)	(121,370)
Cash Flows From Financing Activities		
Net Proceeds from issuance of preferred stock	1,455,000	-
Purchase of treasury stock	(40,000)	(19,194)
Proceeds from loans payable to affiliates	-	20,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,415,000	806
Increase in Cash	326,478	147,064
Cash, beginning	300,119	111,288
Cash, ending	$626,597	$258,352
Supplemental Disclosures of Cash Flow Information		
Cash paid during the quarter for:		
Interest	$1,250	$7,843
Income Tax	$47,792	$17,809
Non Cash Items:		
Restricted common stock issued:		
36,000 shares for investor relations agreement valued at $45,000		
Prepaid portion	$ 22,500	$ -
Stock received by Company to satisfy:		
Note receivable due of $595,000		
Accrued interest on note receivable of $33,750		
License fee payments due of $30,000	$ -	$658,750

See notes to condensed consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005
(Unaudited)

Note 1: Basis of Presentation

Our unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-QSB and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America. Therefore, these financial statements should be read in conjunction with the financial statements and related footnotes included in our Annual Report on Form 10-KSB for the most recent year-end. These financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly state the results for the interim periods reported. The results of operations for the nine and three-month periods ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year.

The condensed consolidated financial statements include the accounts of Cordia Corporation ("Cordia") and the accounts of our wholly owned subsidiaries Cordia Communications Corp. ("CCC"), My Tel Co, Inc ("My Tel"), Cordia International Corp. ("CIC") and CordiaIP Corp. ("CordiaIP") for the nine and three months ended September 30, 2005. The condensed consolidated financial statements include the accounts of Cordia and CCC for the nine and three months ended September 30, 2004. Cordia Corporation and its subsidiaries are collectively referred to herein as the "Company." All material intercompany balances and transactions have been eliminated.

Certain amounts in the 2004 condensed consolidated financial statements have been reclassified to conform with the current period presentation.

Note 2: Restricted Cash

At September 30, 2005, the Company held four Certificates of Deposit ("CD's") totaling $1,367,000 and accrued interest on the CD's of $23,784. The CD's secure four Letters of Credit ("LOC's"), which were required as a result of our new contract with Verizon Communications. The CD's mature in March, April and July 2006, and we are unable to withdraw the funds held in these accounts without penalty until the maturity dates are reached.

Note 3 – Sale of Unregistered Securities

On March 7, 2005, the Company consummated a private placement with Barron Partners, L.P., ("Barron") a Delaware limited partnership in which the Company issued 1,500,000 shares of Series A Convertible Preferred Stock, and issued warrants to purchase 750,000 shares of its common stock at $2.00 per share and warrants to purchase 750,000 shares of its common stock at $4.00 per share. Barron's cash consideration for the Series A Convertible Preferred Stock and warrants aggregated $1,500,000.

The 3,000,000 shares of common stock underlying the Series A Convertible Preferred Stock and warrants were registered on Form SB-2, registration number 333-124996, effective August 31, 2005. As of September 30, 2005, Barron converted 225,000 shares of Series A Convertible Preferred Stock into common stock.

The fair value of the warrants issued was estimated on the date of grant at $122,415, using the Black-Scholes option pricing model including expected volatility of 75% and average risk free rate of 3.71% and an expected life of three to four years.

Note 4: Stockholders' Equity

On May 23, 2003, Cordia's shareholders voted to amend the 2001 Equity Incentive Plan (the "Plan") by authorizing an additional 1,000,000 shares. The total number of shares of Cordia's common stock authorized for issuance under the Plan is 6,000,000, subject to adjustment for events such as stock dividends and stock splits.

A committee of the board of directors having full and final authority and discretion to determine when and to whom awards should be granted administers the Plan. The committee will also determine the terms, conditions and restrictions applicable to each award. Transactions under the Plan are summarized as follows:

	Stock Options	Exercise Price
Balance, December 31, 2004	937,000	$ .40 to 7.50
Granted	185,000	$1.80 to 1.85
Exercised	-	-
Expired	-	-
Balance, September 30, 2005	1,122,000	$ .40 to 7.50

As of September 30, 2005, there were 1,027,250 options outstanding that were exercisable.

In electing to follow APB 25 for expense recognition purposes, the Company is obliged to provide the expanded disclosures required under FAS No. 123(R) for stock-based compensation granted in 1996 and thereafter. The fair value of the employee stock options granted for the nine months ended September 30, 2005 and 2004 was approximately $117,000 and $85,000, respectively, based on the Black-Scholes option valuation model. For purposes of pro forma disclosures, stock-based compensation is recognized over the vesting period as vesting requirements are fulfilled.

The following table compares the results for the nine months ended September 30, 2005 and 2004 had the Company adopted the expense recognition provisions of FAS No. 123(R):

	As reported	Pro Forma
2005		
Net Income	$1,319,305	$1,202,611
Basic Income per share	$0.29	$0.26
Diluted Income per share	$0.21	$0.19
2004		
Net Loss	($149,040)	($233,634)
Basic Loss per share	($0.03)	($0.05)
Diluted Loss per share	($0.03)	($0.05)

The fair value of each option grant was estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for 2005 and 2004 respectively, expected volatility between 75% and 300%; risk-free rate between 3.82% and 2.67%; and expected life between 3 and 4 years.

The effects of applying SFAS 123(R) in the above pro forma disclosures are not necessarily indicative of future amounts as future amounts are likely to be affected by the number of grants awarded and since additional awards are generally expected to be made at varying prices.

Note 5: Income Taxes

A full valuation allowance was provided for certain deferred tax assets, since, in management's opinion, the realizability of such assets was uncertain in light of operating losses incurred through December 31, 2004. The Company periodically reviews the adequacy of the valuation allowance and will recognize benefits only if a reassessment indicates that it is more likely than not that the benefits will be realized.

Through December 31, 2004, the Company and its subsidiaries have generated net operating loss carryforwards aggregating approximately $2,000,000. These carryforwards are available to offset current and future taxable income and expire at various years through 2023.

Note 6: Commitments

Operating Leases

As of September 30, 2005, the Company leased property in White Plains, New York; Orlando, Florida; and Winter Garden, Florida.

In White Plains, New York we lease (1) approximately 2,840 square feet of office space at a rental price of $4,970 per month plus utilities with incremental annual increases in rent commencing in year three of the lease term and (2) approximately 4,725 square feet at a rental price of $8,663 per month plus utilities with incremental annual increases in rent commencing in year three of the lease term. Both leases are for a term of five years and expire on November 30, 2008 and July 31, 2010, respectively. The rent commencement date on the lease expiring in 2010, was August 1, 2005.

In Orlando, Florida we lease approximately 4,000 square feet of office space at a rental price of $3,302 per month plus utilities, on a month-to-month basis.

In Winter Garden, Florida we lease approximately 32,000 square feet of office space at a rental price of $18,849 per month plus utilities. Incremental increases in rent commence in year two of the seven and ½ year lease term. The lease term commenced on April 1, 2005 and the rent commencement date was September 1, 2005. We anticipate moving our operations to this location in November 2005, and anticipate terminating our month-to-month lease in Orlando, Florida after we are operational in our new location.

Future minimum rental commitments under the New York leases from October 1, 2005 to December 31, 2005 are $40,899 and for years subsequent to December 31, 2005 are as follows:

Year Ending December 31:		
2006	$	166,430
2007		173,995
2008		173,995
2009		178,720
2010		113,400
	$	806,540

Note 6: Commitments (Continued)

Future minimum rental commitments under the Winter Garden, Florida lease from October 1, 2005 to December 31, 2005 is $56,550 and for years subsequent to December 31, 2005 are as follows:

Year Ending December 31:		
2006	$	208,479
2007		212,648
2008		216,901
2009		241,243
2010		246,068
2011		251,405
2012		169,823
	$	1,441,321

Note 7: Employee Benefit Plan

Employee Benefit Plan

In 2004, the Company began the "Cordia Corporation 401(k) Profit Sharing Plan" (the "Plan") covering all eligible employees. Under the Plan, the Company matches on an elective basis, 50% of the first 6% contributed by the employee, for an aggregate maximum of 3%. Participating employees shall become fully vested in employer contributions after three (3) years of service. If a participating employee is terminated or resigns before the three (3) year vesting period employer contributions shall be forfeited. The Plan became effective January 1, 2004, and employee and employer contributions commenced April 16, 2004. For the three-months ended September 30, 2005, employee contributions totaled $17,480 and employer contributions totaled $8,471 as compared to $17,584 and $7,731, respectively, for the same period in 2004. For the nine-months ended September 30, 2005, employee contributions totaled $68,186 and employer contributions totaled $25,249 as compared to $49,377 and $14,249 respectively, for the same period in 2004. Total contract assets at September 30, 2005, were $200,142 as compared to $65,000 for the same period in 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Certain statements in this Report constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or that of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; changes in government regulations; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Condensed Consolidated Financial Statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. The Company believes there have been no significant changes during the nine-month period ended September 30, 2005, to the items disclosed as significant accounting policies in management's Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004.

Overview

Cordia Corporation is a communications services firm generating a majority of our revenue through our wholly owned subsidiary Cordia Communications Corp. and the telecommunications products and services we offer our customers. We currently provide Internet access, local exchange, Voice over Internet Protocol ("VoIP"), and domestic and international long distance telecommunications services on a bundled basis. As of this filing, we serve approximately 8,000 small businesses and approximately 52,000 residential consumers primarily in Massachusetts, New Jersey, New York and Pennsylvania. We also provide, on a contractual basis and on a month to month basis, web-based operating support systems ("OSS") and related services to several competitive local exchange carriers who rely on our systems, services and experience in the industry in the management of their telecommunications operations.

We provide our service by leasing a portion of the network owned by other larger telecommunications carriers known in the industry as Incumbent Local Exchange Carriers ("ILEC's"); an alternative made available to small carriers through the Telecommunications Act of 1996 ("Telecom Act"). Recent changes in the regulatory environment led to the Federal Communications Commission's ("FCC") decision to limit the availability of the unbundled network elements we lease, commonly referred to as UNE-P. Generally, new entrants to the telecommunications market utilize UNE-P because Competitive Local Exchange Carriers ("CLECs"), such as Cordia, can offer telecommunications service by leasing the underlying network of ILEC's, such as Verizon Communications, Inc. ("Verizon") BellSouth Corporation ("Bellsouth"), Qwest Communications International Inc. ("Qwest") and SBC Communications Inc. ("SBC"), without incurring capital expenditures associated with building their own facilities. The FCC's recent ruling, eliminating the obligation of ILEC's to offer access to various elements of their networks, specifically, the portion of the network required to provide local service, has we believe, threatened the viability of CLECs in this industry by removing a cost effective means of start up companies to offer telecommunications service.

As a result of the FCC's decision, it became necessary for us to execute multi-year term commercial services agreements with ILEC's to have continued access to their underlying network. To this end, we executed agreements with Verizon and Qwest. These agreements provide for surcharges and higher costs than our previous arrangements, which were federally mandated for all small telecommunications providers, and will affect our profit margin; however we believe we can maintain a level of profitability. Our agreement with Verizon is for a term of five (5) years and our agreement with Qwest is for a term of three and one half (3.5) years. Both agreements may be terminated for material breach, including, but not limited to default in payment, upon written notice and defaulting party's failure to cure. These agreements are pivotal in ensuring our survival and continued growth in the market place and allow us to continue growing our customer base in existing territories and enter new territories. We believe, our recently executed commercial services agreements mitigate the potential negative effects of the FCC's decision by providing us with continued access to underlying network elements and access to new additional services, which will allow us to continue competing in this industry.

In addition to our suite of telecommunications service offerings we generate revenue from our web-based service offerings, which include the solutions we provide on an outsourced basis to other telecommunications service providers. We provide secure Internet enabled software systems through user-friendly web client front ends, which we refer to as Workspaces that serve as an interface for integration with our software systems. Through our Workspaces, clients are able to outsource tasks incident to the provision of telecommunications services such as provisioning, order entry, repair, customer service, collections, margin integrity and purchase local telecommunications services directly from us for retail purposes. An additional, but lesser source of revenue is derived from Carrier Access Billing Services ("CABS"), which is compensation we receive from other telecommunications carriers who utilize a portion of our loop to complete long distance calls to our customers.

We believe our OSS services are a sensible and cost effective means of running a telecommunications business because clients do not have to purchase and install software. We offer process driven software in which client required modification to OSS are made at the server level and then instantly passed onto the client's end users. This method promotes continuous development and improvement of our Workspaces while allowing us to focus on the most efficient and effective underlying processes to enhance the performance of each core function of services provided while adapting our systems to those processes.

We believe the success of this aspect of our business is a result of the rapid growth and acceptance of the Internet as a global medium for communications, information, and commerce. The Internet has revolutionized the way organizations function and has created opportunities to perform business operations more efficiently and effectively through the utilization of standardized Internet technologies, databases, and applications. We believe, our advanced technology and specialized expertise in systems development allows us to offer outsourced solutions at lower costs and with higher quality while giving our customers the freedom and ability to focus on providing telecommunications services. Extending our service offerings to include outsourced solutions, we believe is the logical extension of our current business model and based on our knowledge and experience it is a cost effective means of generating additional revenue.

In response to the rapid global acceptance of the Internet and standardized Internet Protocol ("IP") technologies, and in recognition of the opportunity created to globally deliver voice communications service over the Internet and IP networks, we decided to broaden the scope of our offerings to include VoIP services. We believe that VoIP is the logical extension of our current telecommunications service offerings and have developed and continued to enhance our own proprietary VoIP platform. We are currently offering a voice over broadband solution enabling delivery of voice services over any broadband IP connection. Our initial development and deployment of VoIP services began during the second quarter of 2004 and after a period of internal and external beta testing, we concluded the integration of our back office platform allowing us to commence service offerings to VoIP customers. We commenced our initial commercial roll-out of this product during June 2005 and are currently developing and fine tuning our 911 dialing capabilities expecting successful deployment by year end. As a result, we expect full roll-out, and marketing, of VoIP by first quarter 2006.

In addition, we are developing a "business-grade" VoIP service that will include enhanced business related features and functionality and dedicated Internet access. To carry out these plans for a business-grade VoIP service, we renewed our nationwide agreement with Covad Communications Group Inc. for an additional term so that we can continue offering our customer's dedicated DSL and T-1 Internet access services. This agreement may be terminated if we fail to pay for service within forty (40) days after the date of the invoice or for other material breach. In addition, all terms and conditions of the agreement will survive expiration of the agreement with respect to end user circuits that are in service or for pending orders.

In providing VoIP it is our goal to provide increased productivity, enhanced quality of service and next generation integrated services to our consumers. We believe that as VoIP technology evolves and continues to improve it will gain widespread acceptance as a competitive alternative to traditional telecommunications service offerings. We believe that the acceptance of VoIP will provide us with a strategic advantage in years to come, specifically the opportunity to convert our customer base to a VoIP network as an alternative to renegotiating our commercial services agreements upon their expiration, as well as expand our marketing footprint from a regional carrier to a global carrier. In furtherance of our global strategy, our wholly owned Hong Kong subsidiary, Cordia HK Limited, established a network Point of Presence ("POP") in October of 2005. We expect to begin marketing VoIP services from our Hong Kong POP during the fourth quarter of 2005.

Regulatory Issues

The Telecom Act opened the local exchange market to competition and created an attractive opportunity for CLECs such as Cordia. The Telecom Act required ILECs, such as Verizon, BellSouth, Qwest and SBC, to offer access to various elements of their networks, specifically, the elements necessary to provide local telephone service in a cost effective manner, which is known as UNE-P. During 2003, the FCC reviewed the rules and policies promulgated in the Act, which is the basis for pricing and availability of UNE-P, the leased portion of the ILEC's network allowing us to provide telecommunications services, and released its Triennial Review Order ("Review Order"). The outcome of the FCC's review was the determination that due to increased competition in the telecommunications industry, which was the motivation behind the Act, ILEC's were no longer required to offer various elements of UNE-P to CLECs. The FCC developed interim rules promulgating a twelve-month transition plan governing unbundled access by CLECs to the network elements of ILEC's. During the twelve-month transitional period ILECs are required to continue to provide unbundled access to switching, enterprise market loops and dedicated transport under the same rates, terms and conditions that applied under interconnection agreements between the CLEC and ILEC as of June 15, 2004. The aforementioned rates, terms and conditions were effective until March 11, 2005 when the FCC's final rules on the matter became effective except to the extent they have been replaced by a voluntarily negotiated commercial agreement between the ILEC and CLEC, an intervening commission order, or state public utility commission order that increases rates charged to CLECs to purchase network elements.

Cordia has successfully negotiated commercial agreements with Verizon and Qwest thus eliminating the effects the Review Order has on our ability to offer our consumers services utilizing UNE-P. These multi-year term agreements allow us to continue growing our consumer base in existing territories and foster market entrance into new territories. We are currently negotiating with other ILECs in an effort to secure the means to enter markets throughout the contiguous United States. While our cost associated with providing service will rise under the pricing terms of commercial agreements, we believe we will continue to generate sufficient gross margins to result in profits from our competitive telecommunications service offerings.

In contrast to the FCC's regulatory involvement in the provision of telecommunications services using UNE-P the FCC does not currently regulate VoIP. While the FCC has initiated a proceeding to examine its role in our Internet based environment for voice services its current position will allow us entrance into this newly emerging marketplace to grow our VoIP business both domestically and internationally. We believe the ubiquitous nature of the Internet and open standards of both Session Internet Protocol ("SIP") and IP will allow us to deploy an efficient and economical VoIP network so we may provide retail and wholesale VoIP services to our consumers.

It is important to note, that although VoIP is an unregulated activity, the FCC has required VoIP providers to supply enhanced 911 emergency calling capabilities to customers as a mandatory feature of service. The FCC requires compliance with this requirement as of November 28, 2005, as evidenced by the submission of a compliance report describing the VoIP provider's 911 solution. Providers who fail to meet this deadline must include in their compliance letter a commitment not to accept new interconnected VoIP customers in areas where the provider cannot provide 911 service. In essence, failure to meet the 911 requirement will not result in a VoIP provider's discontinuance of service to its existing customer base, but will affect the provider's ability to market its services and accept new customers until the requirement is met. We anticipate fully deploying our 911 dialing capabilities by this deadline or at the very latest by year end. Additionally, there is uncertainty with respect to the future direction of the FCC and future regulations and their impact on our business operations. We would however anticipate any regulation to increase our costs associated with providing VoIP and our profit margin.

Subsidiaries

Cordia Communications Corp. ("CCC")

In July 2001, we formed CCC, which currently provides local exchange, local access, domestic and international long distance telephone, DSL, and a full suite of local features and calling plans to small business and residential consumers in New Jersey, New York and Pennsylvania. On or about August 1, 2005, we commenced our initial service offering in Massachusetts. We are also licensed to provide local and long distance telecommunications services in Colorado, Florida, Illinois, Massachusetts, Michigan, Ohio and Washington and expect to commence an initial service offering in Colorado and Washington during the fourth quarter of 2005. Washington will be our first service offering in the Qwest territory. Upon successful testing of our bonding with Qwest's systems and processes in Washington, we will commence an offering in Colorado. In addition, we are preparing applications for authorization to operate as a telecommunications carrier in Arizona and Minnesota.

CCC also offers an outsourced service product line, which includes wholesale telecommunications services. Customers who utilize this service have access to our secure Internet enabled software systems in which user-friendly web client front-ends called workspaces serve as an interface for integration with our software systems. Our operations support systems referred to as a Telecom Account Management System or simply ("TAMS") represent the suite of services available to telecommunications service providers that wish to outsource tasks incident to operating as a full service telecommunications carrier. Services available through TAMS include data interconnection, which provides call detail and cost data for line level margin analysis, revenue integrity and wholesale bill auditing; rate plan administration, which includes all the tools necessary to create, edit and enable rate plans; rating and invoicing, which allows for rating on a near real time basis with resulting data being passed to revenue integrity and invoicing systems; and ticketing and transaction posting, which provides for real time transaction posting and an integrated ticketing and messaging system. TAMS was developed to facilitate our Professional Outsourced Telecommunications Solutions ("POTS") service offering, which is a suite of services designed around our Workspaces and includes Billing, New Order Provisioning, Repair in which customer service representatives can run tests from within the workspace to determine if a technician needs to be sent to the customer's location, Level I Customer Service, which includes all inbound calls from end-users, Secondary Provisioning, Collections, which involves management of the collection process and real time collection status and Regulatory services. During 2005, we anticipate the introduction of an updated version of TAMS that will include Workspaces and software functionality designed to support VoIP and wireless services.

We use the same operations support systems offered to our outsourced clientele to serve as the backbone for the provision of telecommunications services to our own local and long distance consumers. We believe that clients will find TAMS and POTS attractive because it is not a pre-packaged all or nothing product, the customer has the power to assess their organization and then adopt and utilize only the functions they believe will increase their own profitability. Our goal is to tailor our services to our client's needs and create a mutually beneficial and profitable relationship. To that end, we also offer emergency backup and transitional services that will allow our customers to outsource these functions during times of unplanned facilities outages, loss of key personnel or rapid growth. By utilizing our suite of outsourced services our clients are able to maximize profitability because they are in a position to provide telecommunications services with less investment and capital expenditures and with greater efficiency and expertise. Our client's ability to rely on our expertise while saving money entering the market place makes our outsourced telecommunications services a valuable option for any new entrant's business strategy.

CordialP Corp. ("CordialP")

CordialP was formed in April 2004, for the purpose of operating as a VoIP services provider. In June 2004, we commenced our initial deployment and testing of VoIP services utilizing wholesale offerings and network sharing arrangements from other VoIP-enabled carriers. Since that time, we have been continually developing our own VoIP service platform and hired additional employees dedicated to this purpose. Beta testing of our VoIP service platform began during the second quarter of 2004. During the first quarter of 2005, we began hiring additional personnel to support the continued development and sales and marketing of our VoIP service both domestically and internationally in preparation of our commercial roll-out. We successfully launched customers both domestically and internationally in June 2005 and expect full roll-out and marketing of VoIP by first quarter 2006.

Cordia International Corp. ("CIC")

Cordia International Corp. was formed in May 2005, for the purpose of acquiring and operating traditional and VoIP telecom assets, customers and services outside the United States. To carryout our strategy to expand the geographic distribution of our telecommunications services globally we have been active in fostering bilateral relationships with international carriers in Europe, the Asia Pacific region, South Asia, and the Middle East which will allow us to deliver high quality, low cost global voice services to our domestic and international customers by gaining low cost access to these carrier's networks. Specifically, the purpose of these relationships are to directly source international Direct Inward Dial ("DID") telephone numbers, to lay the foundation for potential future partnerships at the local level and establish VoIP peering relationships with VoIP companies in the region, reduce our network costs by circumventing costs of United States wholesalers for DID's and termination costs, and develop relationships with equipment manufacturers for direct sourcing in an effort to save on equipment costs. During the first nine-months of 2005, we expanded our beta test to include test customers in approximately thirteen (13) countries outside the United States. We believe the global acceptance of the Internet and VoIP has created a significant opportunity to expand the geographic distribution of our telecommunications services. We also believe that VoIP can deliver even greater value to internationally based customers as compared to United States customers through the greatly reduced cost of international calls and especially calls to and from the United States. We also believe that by offering regional VoIP companies access to our engineers and consulting services we will promote global expansion. We expect to focus a portion of our VoIP sales resources on international sales during the remainder of 2005; however, we do not expect any revenues earned to be significant in the short term.

In September 2005, to facilitate global expansion, CIC acquired a 100% ownership interest in Cordia HK Limited ("CordiaHK"), formally known as Transcom Technology Limited, a Hong Kong Company holding no assets, formed for the purpose of CIC's acquisition. At the direction of CIC management, an application for Public Non-Exclusive Telecommunications Service ("PNETS") License was filed on behalf of CordiaHK with the Office of Telecommunications Authority in Hong Kong. The application was approved and a license was issued in September 2005. The license grants us the authority to provide external public telecommunications services ("ETS") in Hong Kong. We anticipate the commencement of ETS in Hong Kong utilizing our VoIP network during fourth quarter 2005 as we recently established a Point of Presence ("POP") in Hong Kong.

My Tel Co, Inc. ("My Tel")

My Tel was formed in June 2002 and although licensed to operate as a competitive local exchange carrier in New York, is not currently an active telecommunications service provider. My Tel however, has never operated under the authority granted to it by the State of New York. It is our intention that My Tel operate as a reseller of wireless services and to that end we filed an application to operate as a wireless reseller with Verizon Wireless. The application is currently on hold while we attempt to negotiate for more favorable terms with other wireless carriers.

Employees

As of November 3, 2005, subsequent to the balance sheet date, we had 116 employees, 104 of whom were employed on a full-time basis. At such date, 33 of our employees were located at our offices in White Plains, New York and 83 were located at our principal office in Orlando, Florida. As of this date, none of our employees occupied our Winter Garden, Florida location. None of our employees are represented under a collective bargaining agreement. We believe our relations with our employees to be good.

Plan of Operation

During 2004, our business model required aggressive rapid growth of our customer base to ensure Cordia's viability in the wake of the FCC's Review Order, which eliminated the ILECs obligation to offer UNE-P. The Review Order limited a CLEC's ability to provision new customers utilizing UNE-P, absent a commercial agreement with the ILEC, once the Review Order became effective. Our focus was to grow our customer base rapidly prior to the cut-off date. As a result of these efforts, at September 30, 2005, we had approximately 64,000 lines as compared to approximately 28,000 lines at September 30, 2004. Additionally, we established commercial agreements with Verizon and Qwest to secure our position in light of the Review Order. While these agreements ensure our ability to offer telecommunications services utilizing UNE-P, our costs associated with providing service will rise under the pricing terms of these agreements. We do, however, believe that the fixed nature of the pricing terms will allow us to continue to generate sufficient gross margins resulting in continued profitability from these services. These agreements will also allow us to expand our retail service offerings into new territories during 2005 by giving us access to leased network elements in additional Qwest and Verizon states.

Although our audit for the fiscal year ended December 31, 2004, resulted in the report containing a going concern qualification and we have incurred losses in the past, we were able to generate net income for the nine-months ended September 30, 2005. In an effort to eventually have the qualification removed, and generate additional cash flow, we began instituting the second phase of our business model at the beginning of the first quarter of 2005. Prior to 2005, we were focused on rapid growth of our customer base prior to the effectiveness of the Review Order. Although these growth activities resulted in losses, as we emphasized growth over profitability, we were able to reach a sufficient scale of growth that has allowed us to support our current operations and commence our VoIP service offering. In addition, we believe that it will allow us to expand our telecommunications service offerings into additional states such as Colorado and Washington. While growth is still a driving force for our business model for the coming year, we have instituted new management objectives aimed at improving profits and cash flow while focusing on limiting churn and building a superior customer base in effort to reduce bad debts.

After assessing our operations and functionality, Cordia's management team determined that our viability in this industry requires an improvement of our ability to reduce customer churn and bad debts. Additionally, we want to expand service offerings while growing our customer base. To meet this goal, we have developed a business model, which includes cost controls, bad debt controls, customer service reorganization, and new service offerings which we believe will lead to a reduction in bad debt as a percentage of revenue during the balance of 2005.

Our cost controls involve avoiding service areas with high loop and port charges, the charges we pay to the ILEC so that we could provide services to end users. By limiting our offerings to service areas with lower charges, we maximize our ability to earn profits on the services we offer. To reduce bad debt we have ceased telemarketing in service areas in which, historically, we have had difficulty in collecting payment from customers. To that end, we have designed our internal provisioning system to reject orders erroneously submitted by our telemarketers in these areas. This prevents us from incurring the cost associated with provisioning the customer and paying the commission to the telemarketing firm on a so-called "bad" account. Additionally, we now supply our telemarketing firms with credit scored leads and only accept orders from this lead base. In addition, by analyzing credit scores, in a given area, we have the ability to improve the quality of targeted customers and in essence our resulting customer base. To implement this we have engaged the services of a third party credit reporting agency that combines local and long-distance telecommunications performance data with information from credit reporting databases and calculates a score to determine the probability of payment ranking for new and existing customer accounts.

We anticipate the completion of a major reorganization of our customer service center during first quarter of 2006. The purpose of the reorganization is to ensure a better customer service experience for our customers. Our reorganization involves a new "single point of contact" method, which replaces the former departmentalized service center approach previously utilized by the Company. A new single point means that customer calls will be answered and addressed by one representative without the need to transfer customers to different departments. We believe that providing our customers with a single point of contact who will be accountable for addressing our customer's concerns will have an impact on reducing customer churn and increasing customer satisfaction. We believe these controls will lead to a reduction in bad debt as a percentage of revenue during 2006.

The aforementioned measures and our ability to reach commercial agreements with Verizon and Qwest allows us to focus on continued growth while narrowing the scope of our growth plans focusing more on the quality of our customer base rather than just quantity as we did during 2004. To that end, we market our retail telecommunications service offerings through two channels. The first includes utilizing, on a non-contractual basis, three unaffiliated third party telemarketing firms to solicit potential customers. The second includes the development of a network of independent sales agents to sell our telecommunications services.

The telemarketing firms are paid on a per sale commission basis that varies by the type, size, and location of the customer sold. Telemarketing represents one of our most significant expenses as it is has been the primary means of growing our customer base. During the third quarter of 2005, we spent approximately $1,228,000 on telemarketing. Absent contractual relationships, we can reduce or discontinue our telemarketing efforts if necessary without serious consequence other than slower customer growth.

To support the development of our independent sales agent network, we developed an agent module to our Workspaces systems and a related Internet site located at agents.cordia.us to assist us in attracting and maintaining a network of qualified independent sales agents. Through agents.cordia.us, our agents can track all customer activities on a real time basis. These activities include order tracking, billing, payments and ticketing systems that allow an agent to actively participate in our mutual customer's telecommunications status and requirements. We generally pay our independent agents both initial upfront commissions and residual commissions based on customer payments. We believe our ability to provide universal access to customer account information and transactions will provide us with a competitive advantage in the acquisition and retention of customers for our telecommunications services. In addition, we are investigating additional channels of distribution for our wireline and VoIP telecommunications services including online marketing, television and radio advertisements, direct mail solicitation and direct response marketing programs.

We are also investigating channels of distribution for international sales of VoIP. We have been testing our VoIP services internationally and at September 30, 2005, we had test customers in approximately thirteen (13) countries including locations in Europe, North America, South America and Asia and recently established a Point of Presence ("POP") in Hong Kong in an effort to deploy our global VoIP network targeting the Asia Pacific region. We believe that a significant opportunity exists in providing VoIP to international customers who need to communicate with consumers and businesses in the United States and other countries. We expect to focus a portion of our resources towards the international distribution of our VoIP services during the remainder of 2005 and in future years.

We believe that our traditional bundled wire line service offerings will represent over 96% of our revenue, our outsourced services will represent approximately 2%, and VoIP service offerings will represent less than 2% of overall revenue for the fiscal year 2005. Of this anticipated revenue we believe that our expansion into the Qwest territory will represent approximately 2% to 3% of our traditional bundled wire line revenue. In the future we expect VoIP services to increase as a percentage of revenue and believe that VoIP revenue will be comprised of both international and domestic customers with approximately a 50/50 split between the two.

The Results of Operations that follows provides detailed results of operations for the three and nine-month periods ended September 30, 2005, as compared to the same periods during 2004. In reviewing our results of our operations, caution should be used in assuming prior growth for large percentage increases as indicative of future results. In instances where there is a dramatic increase or decrease from the prior year it should be noted that these results are typical in the fast paced growth environment undertaken by us throughout 2004. During 2005, we anticipate continued growth results, as we continually improve our telecommunications infrastructure and expand our customer base. We believe that we will reach both economies of scale and scope with our anticipated telecommunications growth and VoIP rollout, thereby improving our financial position and profitability ratios. The dramatic increase or decrease in percentages should not however, be relied upon as a forecast of future revenues and costs.

Results of Operations

Three and Nine Months Ended September 30, 2005 vs. September 30, 2004

OPERATING REVENUES

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2005	2004	2005	2004
Telecommunications Revenue	$30,453,742	$6,674,533	$11,516,174	$3,276,862
Other	570,521	450,661	195,808	134,945
	$31,024,263	$7,125,194	$11,711,982	$3,411,807

Revenues for the three and nine months ended September 30, 2005, increased by approximately $8,300,000 and $23,899,000, respectively to approximately $11,712,000 and $31,024,000, respectively as compared to approximately $3,413,000 and $7,125,000, respectively reported during the three and nine months ended September 30, 2004.

Our primary source of revenue is through our telecommunications related business and is earned through the provisioning of services to business, residential and wholesale customers for basic telephone service, including local and long distance service, as well as ancillary services such as voice mail and call waiting. Of the revenues reported for the three- and nine-month periods ended September 30, 2005, approximately $10,711,000 and $28,257,000 respectively, was generated from retail telecommunications services, and approximately $789,000 and $2,181,000 was generated from CABS for the same periods.

Since 2004, we have focused on the aggressive growth of our retail customer base and increased our line count to approximately 64,000 lines at September 30, 2005, as compared to approximately 28,000 lines at September 30, 2004. We anticipate a steady and continued growth rate in the customer base of our retail telecommunications operations as we expand into new territories, such as Colorado and Washington, and commence new service offerings, such as new bundled plans and our VoIP service offering, during 2005. Except for the growth associated with entry into new territories, we are narrowing the scope of our growth plans as we focus on implementing cost and bad debt controls and increasing customer satisfaction, through our customer service reorganization, in an effort to improve the quality of our customer base. As a result, we do not anticipate our line count to increase as rapidly as in prior periods, however, we believe that profit margin per customer will improve allowing us to compete more effectively in this industry.

Other revenue consists primarily of income earned through our outsourcing of data and website technology and our wholesale telecommunications services. The increase in other revenue is primarily due to increases in our wholesale customers operations, which was offset by the termination of our licensing agreement with our discontinued insurance operation, which represented approximately $74,000 for the nine months ended September 30, 2004. Other revenue for the three and nine months ended September 30, 2005 represented approximately $196,000 and $571,000 respectively or approximately 2% of our total revenue for each period, as compared to approximately $135,000 and $451,000, respectively or approximately 4% and 6%, respectively of our total revenue generated during the three- and nine-month periods ended September 30, 2004.

OPERATING EXPENSES

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2005	2004	2005	2004
Resale and Wholesale Line Charges	$15,965,714	$3,217,955	$5,962,601	$1,619,574
Sales and Marketing	3,520,247	1,333,616	1,392,772	685,285
Provision for Doubtful Accounts	3,766,457	262,826	1,457,057	193,117
General and Administrative	6,239,013	2,403,067	2,322,939	880,415
Depreciation	183,734	31,119	94,954	13,087
	$29,675,165	$7,248,583	$11,230,323	$3,391,478

Consolidated operating expenses increased by approximately $7,839,000 and $22,427,000, respectively to approximately $11,230,000 and $29,675,000, respectively during the three and nine months ended September 30, 2005 respectively, as compared to approximately $3,391,000 and $7,429,000, respectively during the comparable periods ended 2004. These increases relate directly to the growth of our telecommunications business.

Resale and Wholesale Line Charges

Resale and wholesale line charges are direct costs associated with our telecommunications subsidiaries, CCC and CordialP, and represent our network access fees paid in order to provide local and long distance telephone service to our customers. These expenses will rise or fall in direct correlation to the size of our telecommunications customer base. We have experienced an increase of approximately $4,343,000 and $12,748,000, respectively for the three- and nine-month periods ended September 30, 2005 over the same periods ended 2004. This increase is a result of aggressively growing our customer base.

By successfully negotiating commercial agreements with Verizon and Qwest we eliminated the effects the Review Order has on our ability to offer our consumers services utilizing UNE-P, while creating an environment of certainty because the agreements provide us with a known cost quantity. We anticipate that our costs associated with providing service will increase approximately 10% under the pricing terms of these commercial agreements. In light of this increase, we were able to generate sufficient gross margins to result in profits from these services for the three- and nine-month periods ended September 30, 2005.

Sales and Marketing

We have experienced an increase of approximately $707,000 and $2,187,000, respectively for the three-and nine-months ended September 30, 2005, compared to the prior year, in our sales and marketing costs, which consist of advertising, marketing, travel and telemarketing expenses. This increase is primarily due to our use of telemarketers to aggressively grow our customer base for CCC and the expenses related to our launch of our VoIP service offering, which amounted to approximately $37,000 and $82,000, respectively for the three- and nine-months ended September 30, 2005. As our primary means of marketing is through third party telemarketing firms we expect this trend to continue.

Provision for Doubtful Accounts

Our bad debt expense increased by approximately $1,264,000 and $3,504,000, respectively for the three- and nine-months ended September 30, 2005, compared to the prior year, which is primarily due to our rapid growth in revenues and increase in our percentage of residential customers as compared to the business customers in our base. We have experienced higher bad debts from our residential customers, and expect bad debts as a percentage of sales to decline during 2006, due to the credit monitoring, customer services reorganization and geographical targeting we began to implement during 2005 and expect to complete by the end of first quarter 2006.

General and Administrative

Other general and administrative expenses consist of expenses such as salaries, rent, office expenses, insurance, commissions, telephone, bank and credit card processing fees, license expense and registration fees, among others. We experienced an increase of approximately $1,443,000 or approximately 164% and $3,836,000 or 160% for the three and nine months ended September 30, 2005, respectively, compared to the prior year. This is due primarily to our expenses related to our growth, with the largest of these expenses being salary related; we have fifty-six (56) more employees for the period ended September 30, 2005 than we had for the same period ended 2004. We expect this trend to level off as we begin to implement the second phase of our business model.

Depreciation/Amortization

We experienced an increase of approximately $82,000 and $153,000, respectively for the three- and nine-month periods ended September 30, 2005, compared to the prior year, due to additions of depreciable office equipment, time associated with our rollout of VoIP and our expenditures relating to leasehold improvements which were made during the build-out of our Florida office. The expenditures related to office equipment and leasehold improvement were necessary to facilitate our growth.

Liquidity and Capital Resources

At September 30, 2005, we had cash and cash equivalents of approximately $627,000, an increase of approximately $326,000 from amounts reported at December 31, 2004. In addition, we have $1,367,000 of restricted cash plus accrued interest of approximately $24,000, held in Certificates of Deposits that mature in March, April, and July 2006 related to our Verizon Agreement. We have positive working capital of approximately $724,000, which represented an increase of working capital of approximately $1,809,000 from the deficit reported at December 31, 2004 of approximately $1,085,000. The increase in our working capital is primarily related to funds received as a result of the completion of a private placement of Series A Convertible Preferred Stock in which we raised $1,500,000 offset against expenditures and resulting accounts payable, which were necessary to grow our telecommunications business. The completion of this transaction has allowed us to strengthen our financial position enabling us to continue to maintain and promote our growth rate. In addition, our revenue stream has allowed us to continue to meet our existing and new financial obligations while achieving a level of profitability.

Net cash used in operating activities aggregated approximately $6,000 for the nine-month period ended September 30, 2005 as compared to net cash provided of approximately $268,000 for the nine month period ended September 30, 2004. The principal use of cash reported for the nine-month period ended September 30, 2005 was the increase in accounts receivable of approximately $5,957,000 and the use of cash necessary to post the required LOC's, (offset against accrued interest), with Verizon, which totaled approximately $1,391,000. These amounts were offset against the increase in accrued expenses of approximately $1,907,000.

Net cash used by investing activities for the nine-month period ended September 30, 2005 aggregated approximately $1,082,000 as compared to net cash used of approximately $121,000 for the comparable period ended 2004. Cash applied to investing activities consisted of purchases of computer equipment amounting to approximately $372,000 and $121,000 for the nine-month periods ended September 30, 2005 and September 30, 2004, respectively, approximately $252,000 for leasehold improvements, and approximately $458,000 for capitalized expenses relating to internally developed software during the 2005 period.

Net cash provided by financing activities aggregated approximately $1,415,000 for the nine months ended September 30, 2005, as compared to net cash provided by financing activities of approximately $800 during the nine-month period ended September 30, 2004. The principal source provided by financing activities in the 2005 period, was $1,455,000 attributed to our private placement of Series A Convertible Preferred Stock and Warrants as discussed in Note 3. This was offset against our purchase of treasury stock aggregating $40,000.

During the nine months ended September 30, 2005, we had sales and marketing expenses of approximately $3,520,000, or approximately 11% of revenues. We expect our sales and marketing expenses to continue to grow in the future predominantly due to the anticipated higher cost per sale as a result of us requiring higher credit standards. We also expect to incur additional marketing expenses associated with our recent commercial launch of VoIP service. Sales and marketing expenses are primarily outsourced telemarketing expenses. We have not entered into volume commitments with any of our third party sales organizations. By avoiding volume commitments, we are better able to control our levels of advertising expenditures. We believe that this flexibility affords us the opportunity to aggressively grow our revenues while maintaining the short-term ability to adjust our expenditures based on our available working capital and liquidity.

At September 30, 2005, a significant portion of our working capital was restricted cash in the form of certificates of deposit totaling $1,367,000 plus accrued interest of approximately $24,000. The certificates of deposits mature in March, April, and July 2006, and secure four (4) separate LOC's for Massachusetts, New York, New Jersey, and Pennsylvania, which we were required to post with Verizon in conjunction with our new long-term wholesale agreement. In addition to the LOCs, our new agreement with Verizon requires payment within 20 days of our receipt of Verizon's bills. Prior to our entering into the new agreement, Verizon had allowed us more than 30 days to pay our bills. We have now satisfied the credit and payment terms related to the new Verizon agreement and do not expect the agreement's terms to have a material impact on our ongoing uses of cash other than a strict requirement to maintain current payments in the future.

Our new wholesale agreements' requirements to maintain current payments in the future, and the significant portion of our working capital that is restricted and held in certificates of deposit reduces our financial flexibility and limits our ability to grow aggressively. Despite our limited financial resources and flexibility, we believe that our current cash and cash equivalent assets plus our anticipated profits will provide us with sufficient liquidity to continue to grow our telecommunications operations and develop, deploy and market our VoIP services.

At our current run rate we are profitable and believe that we will be able to sufficiently cover the total of our current expenses. During the first quarter of 2005, we used cash in operations to establish deposits with Verizon and pay down our past due invoices. At this filing, we are current with Verizon and will not need to use cash from operations to pay past due invoices, therefore we believe that our operations will generate sufficient cash for the remainder of the year at our current growth rate. Sufficient liquidity is dependent on our ability to maintain the number of our customer accounts, inclusive of churn, reducing our bad debts, and continuing our current pattern of growth, which we believe can be sustained through our current levels of sales and marketing. In addition, because we use third party telemarketing firms we have the ability to control our sales and marketing expenses, by reducing our marketing efforts as necessary, to combat liquidity issues that may arise during the normal course of business.

In order to grow our telecommunications operations more quickly, we will have to raise cash from additional sources and management may have to seek other short–term funding, such as receivables financing, to cover the short-term cash deficiencies which may arise due to the 20 day payment obligations under our wholesale service agreements and the current typical 45 day receipt of payment from our customers. The primary cost and use of cash for rapid growth are increased marketing expenses and the initial funding of increased customer receivables with increased sales rates.

We also expect to continue to invest capital in our VoIP softswitch development, which will continue at approximately the same rate as in the third quarter. As we grow we also use cash for capital expenditures related to computer and office facilities to support increased staffing. We recently executed a lease for an additional 32,000 square feet of office space in Winter Garden, Florida and anticipate one-time capital expenditures for this increase to be approximately $500,000.

Recognizing the limiting affect that our liquidity has on our ability to reach the aforementioned goals it may become necessary for management to consider other sources of funding to counterbalance this limitation. In addition, our ability to raise capital through other means will affect our ability to reach our anticipated growth results throughout the year ending 2006.

Item 3. Controls and Procedures.

(a) Based upon an evaluation of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer ("CEO") and Chief Accounting Officer ("CAO"), who serves as our principal financial officer, have each concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms and are also effective to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive and principal financial officers to allow timely decisions regarding required disclosure and that our internal controls are effective to provide reasonable assurances that our financial condition, results of operations and cash flows are fairly presented in all material respects.

(b) The CEO and CAO each note that, since the date of his/her evaluation that occurred during the last fiscal quarter there have been no changes in internal controls or in other factors that could materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits. The following exhibits are filed herewith.

Exhibit No.	Description
11.1	Computation of per share earnings (loss)
31.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. 1350 (Section 302 of the Sarbanes-Oxley Act of 2002)
31.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. 1350 (Section 302 of the Sarbanes-Oxley Act of 2002)
32.1	Certification of Cordia Corporation's Principal Executive Officer, Joel Dupré, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Cordia Corporation's Principal Financial Officer, Lorie M. Guerrera, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORDIA CORPORATION

Date: November 14, 2005

By: /s/ Joel Dupré

Joel Dupré
Chief Executive Officer

Date: November 14, 2005

By: /s/ Lorie M. Guerrera

Lorie M. Guerrera
Chief Accounting Officer

EXHIBIT 11.1

Cordia Corporation
Computation of Per Share Earnings (Loss)
(Unaudited)

	Nine Months Ended 2005	Nine Months Ended 2004	Three Months Ended 2005	Three Months Ended 2004
Net Income (Loss)	$1,319,305	$(149,040)	$458,502	$ 1,679
BASIC EARNINGS:				
Weighted average number of common shares outstanding	4,530,397	4,806,579	4,580,580	4,504,808
Basic earnings (loss) per common share	$ 0.29	($0.03)	$0.10	$ -
DILUTED EARNINGS:				
Weighted average number of common shares outstanding	4,530,397	4,806,579	4,580,580	4,504,808
Assumed conversion of preferred stock	1,140,110	0	1,426,630	0
Assumed exercise of stock options	512,729	0	578,141	0
Weighted average number of common shares outstanding - as adjusted	6,183,236	4,806,579	6,585,351	4,504,808
Diluted earnings (loss) per common share	$ 0.21	($0.03)	$0.07	$ -

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Joel Dupré, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of CORDIA CORPORATION;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have;

   (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors, any material weaknesses in internal controls; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2005

/s/ Joel Dupré
Chief Executive Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided by the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or at staff upon request.

Exhibit 31.2

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Lorie M. Guerrera, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of CORDIA CORPORATION;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have;

   (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors, any material weaknesses in internal controls; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2005

/s/ Lorie M. Guerrera
Chief Accounting Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided by the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or at staff upon request.

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Joel Dupré, Chief Executive Officer of Cordia Corporation (the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-QSB for the period September 30, 2005 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Joel Dupré
Joel Dupré
Chief Executive Officer

November 14, 2005

* A signed original of this written statement required by Section 906 has been provided to Cordia Corporation and will be retained by Cordia Corporation and furnished to the Securities Exchange Commission or its staff upon request

EXHIBIT 32.2

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Lorie M. Guerrera, Chief Accounting Officer of Cordia Corporation (the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-QSB for the period September 30, 2005 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Lorie M. Guerrera
Lorie M. Guerrera
Chief Accounting Officer

November 14, 2005

---

* A signed original of this written statement required by Section 906 has been provided to Cordia Corporation and will be retained by Cordia Corporation and furnished to the Securities Exchange Commission or its staff upon request

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-KSB
(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________ to ________

Commission File Number 33-23473

CORDIA CORPORATION

(Name of small business issuer in its charter)

Nevada	112917728
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2500 Silverstar Road, Suite 500, Orlando, Florida 32804

(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (866) 777-7777

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Exchange Act: Common Stock 0.001 par value

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. Not Applicable

State issuer's revenues for its most recent fiscal year. $13,229,456

As of March 15, 2005, the issuer had 4,571,210 outstanding shares of its common stock.

As of March 15, 2005, the aggregate market value of the issuer's common stock held by non-affiliates was $2,795,687 (based upon the price at which the common stock was sold on such date).

DOCUMENTS INCORPORATED BY REFERENCE

	Part	Item
1. Proxy Statement for the 2005 Annual Meeting of Stockholders	III	9, 10, 11, 12, 15

Transitional Small Business Disclosure Format (check one) Yes [ ] No [X]

TABLE OF CONTENTS

Certain statements in this Report and in the documents incorporated by reference herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; governmental regulations, industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or those of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

PART I

Item 1. Description of Business.

Overview

Cordia Corporation is a communications services firm generating a majority of its revenue through its wholly owned subsidiary Cordia Communications Corp. ("CCC") and the telecommunications products and services offered to our customers. We currently provide Internet access, local exchange, domestic and international long distance telecommunications services and a full suite of local features and calling plans with service offerings to small business and residential consumers in New Jersey, New York and Pennsylvania. We also provide web-based operating support systems ("OSS") and related services to several competitive local exchange carriers who rely on our systems, services and experience in the industry in the management of their telecommunications operations.

We recently executed multi-year term commercial services agreements with Verizon Communications and Qwest Communications allowing us to continue growing our customer base in existing territories and enter new territories. Due to the Federal Communications Commission's ("FCC") ruling, limiting the availability of unbundled network elements commonly referred to as UNE-P, these agreements are pivotal in ensuring our survival and continued growth in the market place. Generally, new entrants to the telecommunications market utilize UNE-P because Competitive Local Exchange Carriers ("CLECs") can offer telecommunications service by leasing the underlying network of the Incumbent Local Exchange Carrier ("ILEC") without incurring capital expenditures associated with building their own facilities. Prior to the FCC's recent ruling, ILECS were required to offer access to various elements of their networks. This decision created an environment of uncertainty in the industry and threatened the viability of CLECs in this industry by removing a cost effective means of start up companies to offer telecommunications service. Our recently executed commercial services agreements thwart the potential negative effects of the FCC's decision and provide us with continued access to these underlying network elements and access to new additional services which will allow us to continue competing in this industry.

In addition to our suite of telecommunications service offerings we generate revenue from our web-based service offerings, which include the solutions we provide on an outsourced basis to other telecommunications service providers. We provide secure Internet enabled software systems through user-friendly web client front ends, which we refer to as Workspaces that serve as an interface for integration with our software systems. Through our Workspaces, clients are able to outsource tasks incident to the provision of telecommunications services such as provisioning, order entry, repair, customer service, collections, margin integrity and purchase local telecommunications services directly from us for retail purposes.

We believe our OSS services are a sensible and cost effective means of running a telecommunications business because clients do not have to purchase and install software. We offer process driven software in which client required modification to OSS are made at the server level and then instantly passed onto the client's end users. This method promotes continuous development and improvement of our Workspaces while allowing us to focus on the most efficient and effective underlying processes to enhance the performance of each core function of services provided while adapting our systems to those processes.

We believe the success of this aspect of our business is a result of the rapid growth and acceptance of the Internet as a global medium for communications, information, and commerce. The Internet has revolutionized the way organizations function and has created opportunities to perform business operations more efficiently and effectively through the utilization of standardized Internet technologies, databases, and applications. Our technological advancement and specialized expertise in developing systems and tools allowing us to offer telecommunications services encourages us to provide outsourced solution at lower costs and with higher quality while giving our customers the freedom and ability to focus on providing telecommunications services. We believe that extending our service offerings to include outsourced solutions is the logical extension of our current business model and based on our knowledge and experience it is a cost effective means of generating additional revenue.

In response to the rapid global acceptance of the Internet and standardized Internet Protocol ("IP") technologies and in recognition of the opportunity created to globally deliver voice communications service over the Internet and IP networks, we have decided to broaden the scope of our offerings to include Voice over Internet Protocol ("VoIP") network services. We intend to offer consumers, businesses and wholesale customers VoIP solutions enabling delivery of voice services over any broadband IP connection including dedicated and third-party DSL, cable modems, T-carrier and wireless circuits. We commenced our initial development and deployment of VoIP services during the second quarter of 2004. Since that time, we have been conducting internal and external beta testing of our IP based telecommunications offerings and believe we can commence commercial rollout of VoIP during the first half of 2005.

As a compliment to our traditional telecommunications services, VoIP, and web-based service offerings we intend to expand into the wireless telecommunications market. We are investigating reseller and partnering opportunities, which will allow us to enter the market as a wireless service provider. We believe this expansion will be beneficial in light of the increased use of wireless telecommunications services and the ability of wireless consumers to change wireless service providers while maintaining their telephone number. In addition, we believe the bundling of wireless services with our local, long distance, data and VoIP services will increase the profitability from our retail and wholesale consumer bases, while increasing consumer loyalty and reducing churn. We are currently researching wholesale wireless options and wireless VoIP technologies that are available to us and intend to develop wireless services for our customers during the second half of 2005.

Regulatory Issues

The Telecommunications Act of 1996 (the "Act") opened the local exchange market to competition and created an attractive opportunity for Competitive Local Exchange Carriers ("CLECs"). The Act required Incumbent Local Exchange Carriers ("ILECs") to offer access to various elements of their networks, specifically, the elements necessary to provide local telephone service in a cost effective manner, which is known as UNE-P. During 2003, the FCC reviewed the rules and policies promulgated in the Act, which is the basis for pricing and availability of UNE-P, and released its Triennial Review Order ("TRO"). The outcome of the FCC's review was the determination that due to increased competition in the telecommunications industry, which was the motivation behind the Act, ILEC's were no longer required to offer various elements of UNE-P to CLECs. The FCC developed interim rules promulgating a twelve-month transition plan governing unbundled access by CLECs to the network elements of ILECs. During the twelve-month transitional period ILECs are required to continue to provide unbundled access to switching, enterprise market loops and dedicated transport under the same rates, terms and conditions that applied under interconnection agreements between the CLEC and ILEC as of June 15, 2004. The aforementioned rates, terms and conditions are to remain effective until March 11, 2005 when the FCC's final rules on the matter become effective except to the extent they have been replaced by a voluntarily negotiated commercial agreement between the ILEC and CLEC, an intervening commission order, or state public utility commission order that increases rates charged to CLECs to purchase network elements

Cordia has successfully negotiated commercial agreements with Verizon Communications and Qwest Communications thus eliminating the effects the TRO has on our ability to offer our consumers services utilizing UNE-P. These multi-year term agreements allow us to continue growing our consumer base in existing territories and foster market entrance into new territories. We are currently negotiating with other ILECs in an effort to secure the means to enter markets throughout the contiguous United States. While our cost associated with providing service will rise under the pricing terms of commercial agreements we believe we will continue to generate sufficient gross margins to result in profits from these services.

In contrast to the FCC's regulatory involvement in the provision of telecommunications services using UNE-P the FCC does not currently regulate VoIP. While the FCC has initiated a proceeding to examine its role in our new Internet based environment for voice services its current position will allow us rapid entrance into this newly emerging marketplace to grow our VoIP business both domestically and internationally. We believe the ubiquitous nature of the Internet and open standards of both Session Internet Protocol ("SIP") and Internet Protocol ("IP") will allow us to deploy an efficient and economical VoIP network so we may provide retail and wholesale VoIP services to our consumers.

Similarly, the FCC views resale wireless services as an unregulated service and as a result, entrants into this market avoid the regulatory expenses involved in filing an application with the appropriate regulatory agency for authority to offer this service to consumers. It is important to note, that although resale wireless services and VoIP are unregulated activities there is uncertainty with respect to the future direction of the FCC and future regulations and their impact on our business operations with respect to these currently unregulated telecommunications services. We would however anticipate any regulation to increase our costs associated with providing VoIP and resale wireless service and our profit margin.

Subsidiaries

Cordia Communications Corp. ("CCC")

In July 2001, we formed CCC, which currently provides local exchange, local access, domestic and international long distance telephone, and a full suite of local features and calling plans to small business and residential consumers in New Jersey, New York and Pennsylvania. We are also licensed to provide local and long distance telecommunications services in Colorado, Florida, Illinois, Massachusetts, Michigan, Ohio and Washington, however we are not actively marketing or providing our retail telecommunications services in these regions at this time. In addition, we are preparing applications for authorization to operate as a telecommunications carrier in Arizona and Minnesota.

CCC also offers an extensive outsourced service product line, which includes wholesale telecommunications services. Customers who utilize this service have access to our secure Internet enabled software systems in which user-friendly web client front-ends called Workspaces serve as an interface for integration with our software systems. Our operations support systems referred to as a Telecom Account Management System or simply "TAMS" represent the suite of services available to telecommunications service providers that wish to outsource tasks incident to operating as a full service telecommunications carrier. Services available through TAMS include Data Interconnection, which provides call detail and cost data for line level margin analysis, revenue integrity and wholesale bill auditing, Rate Plan Administration, which includes all the tools necessary to create, edit and enable rate plans, Rating and Invoicing, which allows for rating on a near real time basis with resulting data being passed to revenue integrity and invoicing systems, and Ticketing and Transaction Posting, which provides for real time transaction posting and an integrated ticketing and messaging system. TAMS was developed to facilitate our Professional Outsourced Telecommunications Solutions ("POTS") service offering, which is a suite of services designed around our Workspaces and includes Billing, New Order Provisioning, Repair in which customer service representatives can run tests from within the workspace to determine if a technician needs to be sent to the customer's location, Level I Customer Service, which includes all inbound calls from end-users, Secondary Provisioning, Collections, which involves management of the collection process and real time collection status and Regulatory services. During 2005, we anticipate the introduction of an updated version of TAMS that will include Workspaces and software functionality designed to support VoIP and wireless services.

We use the same operations support systems offered to our outsourced clientele to serve as the backbone for the provision of telecommunications services to our own local and long distance consumers. We believe that clients will find TAMS and POTS attractive because it is not a pre-packaged all or nothing product, the customer has the power to assess their organization and then adopt and utilize only the functions they believe will increase their own profitability. Our goal is to tailor our services to our client's needs and create a mutually beneficial and profitable relationship. To that end, we also offer emergency backup and transitional services that will allow our customers to outsource these functions during times of unplanned facilities outages, loss of key personnel or rapid growth. By utilizing our suite of outsourced services our clients are able to maximize profitability because they are in a position to provide telecommunications services with less investment and capital expenditures and with greater efficiency and expertise. Our client's ability to rely on our expertise while saving money entering the market place makes our outsourced telecommunications services a valuable option for any new entrant's business strategy.

CordiaIP Corp. ("CordiaIP")

CordiaIP was formed in April 2004, for the purpose of operating as a VoIP services provider. In June 2004, we commenced our initial deployment and testing of VoIP services utilizing wholesale offerings and network sharing arrangements from other VoIP-enabled carriers. Though the results of our testing are marginally acceptable to us, we believe that greater long-term shareholder value will come from the development of our own proprietary VoIP services, technologies, network software and OSS capabilities. Since June 2004, we have been continually developing our own VoIP service platform. We have hired additional employees dedicated to the development of VoIP and anticipate a commercial release of our VoIP service during the first half of 2005.

My Tel Co, Inc. ("My Tel")

My Tel was formed in June 2002 and is licensed to operate as a competitive local exchange carrier in New York and Pennsylvania. My Tel however, has never operated under the authority granted to it by the State of New York or the State of Pennsylvania and has remained an inactive subsidiary, reporting no revenues of Cordia. It is our intention that My Tel operate as a reseller of wireless services and to that end we filed an application to operate as a wireless reseller with Verizon Wireless. The application is currently on hold while we attempt to negotiate for more favorable terms with Verizon Wireless and alternative wireless carriers. The commercial agreement entered into by CCC with Verizon has no effect on our application to offer wireless services as that agreement is limited solely to the provision of wireline telecommunications service.

Insurance Solutions Group

Our now terminated insurance services business was operated primarily through ISG Group, Inc., formerly our wholly owned subsidiary, that conducted business under the name Insurance Solutions Group ("ISG"). ISG provided comprehensive insurance solutions to insurance companies, state insurance departments and self-insured entities in conjunction with Universal Recoveries, Inc., a wholly-owned subsidiary of ISG doing business as Subrogation Partners ("Subrogation Partners"); U.L.A.E., Inc., a wholly-owned subsidiary of ISG doing business as Claim Partners ("Claim Partners"); and US Direct Agency, Inc.

After deciding to focus on our telecommunications business and telecommunications related businesses we sold our equity interests in ISG to West Lane Group, Inc., a company owned by the then current management of ISG for a purchase price of $750,000 represented by a two-year promissory note and secured by 700,000 shares of our stock owned by West Lane on March 3, 2003.

In two transactions occurring in December 2003 and February 2004, respectively, we agreed to accept a total of 1,725,001 shares of our Common stock from West Lane Group, Inc. and a fifteen (15) month option to purchase 100,000 additional shares of our Common Stock at $.40 per share to satisfy the remaining principal balance of the promissory note pursuant to a Mutual Release and Satisfaction of Promissory Note and License Agreement. A total of 1,725,001 shares were transferred to us during the first quarter of 2004 and all were thereafter retired resulting in a reduction of our outstanding shares, as of February 18, 2004 to 4,431,210 shares.

Employees

As of March 15, 2005, we had ninety-two employees, eighty-five of whom were employed on a full-time basis. At such date, twenty-two of our employees were located at our offices in White Plains, New York and seventy were located at our principal office located in Orlando, Florida. None of our employees are represented under a collective bargaining agreement. We believe our relations with our employees to be good.

Item 2. Description of Property.

As of December 31, 2004, we leased property at the following two locations: (1) approximately 2,840 square feet of office space for our offices in White Plains, New York at a rental price of $4,970 per month plus utilities for a term of five years, expiring December 31, 2008, with incremental annual increases in rent commencing in year three (3) of the lease term and (2) approximately 4,000 square feet at our executive offices in Orlando, Florida at a rental price of $3,302 per month plus utilities on a month to month basis. In January 2005, we executed a lease agreement for an additional 4,725 square feet of space in White Plains, New York from our current landlord. The Company also anticipates leasing additional space during the first half of 2005 to expand our operations in Orlando, Florida. The need for the additional space is to house additional inbound/outbound call center staff, development team, technical support and equipment for our VoIP operations.

Item 3. Legal Proceedings.

We are not currently a party to any legal proceedings that we believe will have a material adverse effect on our financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

Since June 7, 2002, our common stock has been listed under the symbol "CORG" on the OTC Bulletin Board. Prior to that time, we were listed on the OTC Bulletin Board under the symbol "CORC" from June 5, 2001 to June 6, 2002 and under the symbol "CYOL" from May 8, 2000 to June 4, 2001, The following table represents the high and low per share bid information for our common stock for each quarterly period in fiscal 2004 and 2003. Such high and low bid information reflects inter-dealer quotes, without retail mark-up, mark down or commissions and may not represent actual transactions.

	Year Ended 2004		Year Ended 2003	
	High	Low	High	Low
Quarter ended March 31	$ 0.43	$ 0.33	$ 2.15	$ 0.55
Quarter ended June 30	0.40	0.33	0.65	0.25
Quarter ended September 30	0.50	0.25	0.48	0.22
Quarter ended December 31	1.05	0.44	0.36	0.22

As of March 15, 2005, there were 4,571,210 shares of our common stock outstanding held by approximately 155 shareholders of record.

We do not currently pay dividends on our common stock. We do not intend to declare or pay dividends on our common stock, but to retain earnings, if any, for the operation and expansion of our business.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the twelve-month period ending December 31, 2004. In 2005, we completed a private placement of Series A convertible preferred stock and warrants as discussed in Note 8(c) to the financial statements. Under the terms of the private placement we raised $1,500,000 through the sale of preferred stock and warrants. The terms of the private placement require us to file a registration statement to register the shares of common stock in anticipation of the potential conversion of the preferred stock and/or exercise of the warrants. The preferred stock and warrants were sold to one party.

Issuer Purchases of Equity Securities

On January 7, 2004, the Board of Directors of Cordia Corporation unanimously authorized Cordia's management to spend an aggregate of $100,000 to re-purchase Cordia's common stock when market conditions are favorable for that purpose.

Period	Total # Shares Purchased	Average Price Per Share	Total # of Shares Purchased as Part of Publicly Announced Plans or Programs*	Approximate Dollar Value of Shares that May be Purchased Under Plans or Programs
7/1/04 - 7/31/04	15,800	$0.30	All	$95,260
8/1/04 - 8/31/04	27,200	$0.33 - $0.34**	All	$86,184
9/1/04 - 9/31/04	10,000	$0.44	All	$81,784
10/1/04 - 10/31/04	7,500	$0.50	All	$78,034
12/1/04 - 12/31/04	7,450	$1.00	All	$70,584

All purchases were made in open-market transactions pursuant to the Board's action taken on January 7, 2004.

* The repurchase plan was announced in Company's Form 8-K filed on January 14, 2004. Under the plan, an aggregate of $100,000 was authorized for the purpose of re-purchasing Company's Common Stock when market conditions were favorable for that purpose. The plan prevented re-purchase of stock if the market price exceeded $1.00. The plan would expire after the aggregate amount authorized was exhausted. The last purchase made under the plan was in December 2004 and the Company does not intend to make any further purchases under the plan.

** A total of 17,200 shares were purchased at $0.33 per share and 10,000 shares were purchased at $0.34 per share. Cordia's management purchased a total of 67,950 shares of common stock during fiscal year 2004 with an aggregate purchase price of $30,998.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Certain statements set forth below under this caption constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to the first page of this Report for additional factors relating to such statements.

Plan of Operation

During 2004, we focused on aggressively growing our customer base to ensure Cordia's viability in the wake of the FCC's TRO, which eliminated the ILECs obligation to offer UNE-P. As a result of these efforts, at December 31, 2004 we had approximately 50,000 lines as compared to approximately 10,000 lines at December 31, 2003. Additionally we established commercial agreements with two ILECs to secure our position in light of the TRO. While these agreements ensure our ability to offer telecommunications services utilizing UNE-P, our costs associated with providing service will rise under the pricing terms of these agreements. We do, however, believe that the fixed nature of the pricing terms will allow us to continue to generate sufficient gross margins to result in profits from these services. These agreements fortify our position in the telecommunications market and allow us to expand our retail service offerings into new territories during the first half of 2005. It is our belief that due to the relative size of the telecommunications markets and relatively favorable terms in our targeted new territories, as compared to other regions, that these new regions may offer the most attractive opportunities and retail gross margins.

We intend to focus on growing our retail telecommunications businesses while leveraging our systems experience to generate outsourcing and wholesale services revenue from other traditional and VoIP telecommunications providers. We are developing proprietary VoIP systems that will provide increased productivity, enhanced quality of service and next generation integrated services to our customers. In addition, we will continually look for acquisition and partnership opportunities in telecommunications that will permit us to rapidly and profitably grow our telecommunication-related revenues.

We find it encouraging that the telecommunications industry is embracing VoIP as an alternative method of voice service and believe that our experience in both system development and telecommunications provides us with the knowledge and ability to benefit from the voice over broadband trend allowing us to participate in the opportunities in retail, wholesale and outsourced services generated from the rapid growth of VoIP. We feel that we have the ability to rapidly enter this market place as we have experience in telecommunications and in developing the infrastructure necessary to allow us to enter this newly emerging competitive industry. We anticipate offering a voice over broadband solution enabling delivery of voice services over any broadband IP connection including third-party DSL, cable modems, T-carrier and wireless circuits. In addition, we anticipate subsequent releases of a "business-grade" VoIP service that will include enhanced business related features and functionality and dedicated Internet access. In furtherance of our plans for a business-grade VoIP service, we entered into a nationwide agreement with Covad Communications through which we were able to commence offering our customer's dedicated DSL and T-1 Internet access services during the fourth quarter of 2004. In providing VoIP it is our goal to provide increased productivity, enhanced quality of service and next generation integrated services to our consumers.

In addition to our telecommunications business, we plan to take advantage of the recent business trend of outsourcing non-core specialized business services by continuing to develop and improve our outsourced solutions which are currently offered to several competitive local exchange carriers, who rely on our systems, services and experience in the industry in the management of their telecommunications operations. Some of our future development and acquisition opportunities are likely to be characterized by outsourcing business services that will produce predictable and recurring revenue streams, competitive advantages from effective process management, proprietary systems and the provision of knowledge-rich services, the development of niche markets, and value-based pricing.

It is our intention to pursue our on-going growth strategy by developing technology-based outsourcing solutions for businesses and organizations through internal development and the acquisition of other businesses that meet our selection criteria of offering specific expert services or specialized business functions. In doing so, we intend to provide outsourcing solutions to a wide range of businesses with the goal of increasing the productivity of their skilled workers. In connection with this strategy, we expect to implement a pricing strategy that will reward us for those productivity gains.

We are currently marketing our retail telecommunications service offerings through two channels. The first includes utilizing, on a non-contractual basis, a third party telemarketing firm to solicit potential customers. The telemarketing firm is paid on a per sale commission basis that varies by the type, size, and location of the customer sold. Telemarketing represents one of our most significant expenses as it is has been the primary means of growing our customer base during 2004. During the first quarter of 2005 we anticipate spending approximately $850,000 dollars on telemarketing. Absent a contractual relationship, we can reduce or discontinue our telemarketing efforts if necessary without serious consequence other than slower customer growth. The second includes the development of a network of independent sales agents to sell our telecommunications services. To that end, we have developed an agent module to our Workspaces systems and a related Internet site located at agents.cordia.us to assist us in attracting and maintaining a network of qualified independent sales agents. Through agents.cordia.us, our agents can track all customer activities on a real time basis. These activities include order tracking, billing, payments and ticketing systems that allow an agent to actively participate in our mutual customer's telecommunications status and requirements. We generally pay our independent agents both initial upfront commissions and residual commissions based on customer payments. In addition, we are investigating additional channels of distribution for our wireline and VoIP telecommunications services through online marketing and media advertising including television and radio advertisements. We believe our ability to provide universal access to customer account information and transactions will provide us with a competitive advantage in the acquisition and retention of customers for our telecommunications services.

The detailed results of operations in 2004 follow. In instances where there is a dramatic increase or decrease from the prior year it should be noted that these results are typical in the fast paced growth environment undertaken by us throughout 2004. During 2005, we anticipate continued growth results, as we strive to continually improve our telecommunications infrastructure and expand our customer base. We believe that we will reach both economies of scale and scope with our anticipated telecommunications growth and "VoIP" rollout, thereby improving our financial position and profitability ratios. The dramatic increase or decrease in percentages should not however, be relied upon as a forecast of future revenues and costs.

Results of Operations

Critical Accounting Policies and Estimates

The Company's accounting policies are more fully described in Note 1 of the consolidated financial statements. As discussed in Note 1, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual differences could differ from these estimates under different assumptions or conditions. The Company believes that the following addresses the Company's most critical accounting policies.

We recognize revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). Under SAB 104, revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. We recognize revenue as services are provided. Revenues are reflected net of coupon discounts.

Our allowance for doubtful accounts is maintained to provide for losses arising from customers' inability to make required payments. If there is a deterioration of our customers' credit worthiness and/or there is an increase in the length of time that the receivables are past due greater than the historical assumptions used, additional allowances may be required. For example, every additional one percent of our accounts receivable that becomes uncollectible would reduce our operating income by approximately $44,000.

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109). Under SFAS No. 109, deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. A valuation allowance has currently been recorded to reduce our deferred tax asset to $0. Accordingly, our potential deferred tax asset of approximately $979,000 at December 31, 2004, may never be realized if we do not become profitable.

Comparison of Fiscal Year 2004 to Fiscal Year 2003

OPERATING REVENUES

	Years Ended December 31	
	2004	2003
Telecommunications revenue	$12,623,000	$ 3,490,000
Other	606,000	546,000
	$13,229,000	$ 4,036,000

Revenues for the year ended December 31, 2004 increased by approximately $9,193,000 or approximately 227.8%, to approximately $13,229,000 as compared to approximately $4,036,000 reported during the year ended December 31, 2003.

Our primary source of revenue is through our telecommunications related businesses and is earned through the provisioning of services to business, residential and wholesale customers for basic telephone service, including local and long distance service, as well as ancillary services such as voice mail and call waiting. Of the revenues reported for fiscal year 2004, approximately $11,651,000 was generated from retail telecommunications services, and approximately $972,000 was generated from Carrier Access Billing Services ("CABS") as compared to fiscal year 2003, where approximately $3,097,000 was generated from retail telecommunications services, and $393,000 was generated from CABS.

Other revenue consists primarily of income earned through our outsourcing of data and website technology and our Wholesale telecommunications services. Other revenue also includes income earned as a result of our licensing agreement with West Lane Group, Inc. Our increase in other revenue is due to providing additional data and billing services to our existing outsourced customer base. Other revenue represented $606,000 or approximately 4.6% of our total telecommunications services revenue generated during fiscal year 2004, as compared to $546,000 or approximately 13.5% of our total telecommunications services revenue generated during fiscal year 2003.

We focused on the aggressive growth of our retail customer base during 2004, increasing our line count to approximately 50,000 lines at December 31, 2004, as compared to approximately 10,000 lines at December 31, 2003, and we anticipate a steady and continued growth rate in the customer base of our retail telecommunications operations as we expand in new territories and commence new service offerings during 2005. We will continue to provide wholesale telecommunications services offerings and we believe that the revenues derived from this service will continue to increase or at the very least remain steady.

OPERATING EXPENSES

	Operating Expenses Years Ended December 31	
	2004	2003
Resale and Wholesale Line Changes	$ 6,207,000	$ 1,815,000
Payroll and Payroll Taxes	2,247,000	1,106,000
Advertising and Promotion	2,596,000	756,000
Professional and Consulting Fees	154,000	198,000
Depreciation	49,000	8,000
Insurance	181,000	88,000
Office Expense	155,000	43,000
Telephone	182,000	66,000
Rent and Building Maintenance	163,000	53,000
Other Selling, General and Administrative	1,439,000	623,000
	$ 13,373,00	$ 4,756,000

Consolidated operating expenses increased by approximately $8,617,000 or approximately 181.1%, to approximately $13,373,000 during fiscal 2004 as compared to approximately $4,756,000 during fiscal 2003. Consolidated operating expenses grew less then revenue during fiscal 2004 as compared to fiscal 2003 on an absolute and percentage basis. The company incurred expenses related to the hiring, development and deployment of personnel, software systems and infrastructure necessary to support Cordia Communications growth during 2004. A portion of these development expenses are not directly associated with revenue growth and should remain relatively fixed in future periods. Therefore, we hope future growth of revenues will result in greater operating margins and profitability.

Resale and Wholesale Line Charges

Resale and wholesale line charges are direct costs associated with our telecommunications subsidiary, Cordia Communications Corp., and represent our network access fees paid in order to provide local and long distance telephone service to our customers. These expenses will rise or fall in direct correlation to the size of our telecommunications customer base. We have experienced an increase of approximately $4,392,000 as a result of growing our customer base by approximately 40,000 lines during 2004.

By successfully negotiating commercial agreements with Verizon Communications and Qwest Communications we eliminated the effects the TRO has on our ability to offer our consumers services utilizing UNE-P, while creating an environment of certainty because the agreements provide us with a known cost quantity. We anticipate that our costs associated with providing service will increase approximately 10% under the pricing terms of these commercial agreements. In light of this increase, we believe we will continue to generate sufficient gross margins to result in profits from these services.

Payroll and Payroll Taxes

We have experienced an increase of approximately $1,141,000, which was directly related to the growth of our telecommunications company. We expect that our payroll costs will continue to increase over the next 12 months as we continue to expand and grow our customer base and we anticipate opening an inbound/outbound call center for our VoIP operations during 2005.

Advertising and Promotion

We have experienced an increase of approximately $1,840,000 in our advertising and promotion costs, which consist of advertising, marketing, travel and telemarketing expenses. This increase is primarily due to our use of telemarketers to grow our customer base by approximately 40,000 lines during 2004. We expect this trend to continue, although not as dramatically, as our primary means of marketing is through a third party telemarketing firm.

Professional and Consulting

Professional and consulting fees, which include legal and accounting fees, decreased by approximately $44,000 for the year ended 2004, as compared to the year ended 2003. This decrease was primarily due to the Company's decision not to use stock compensation grants as payment for services rendered by outside consultants. During 2004, the Company realized $0.00 amortization expense relating to the issuance of stock grants to consultants as compared to the year ended 2003, when the Company realized approximately $101,000 in amortization expense relating to the issuance of stock compensation grants to consultants. This decrease was offset by an increase in legal and accounting fees of approximately $56,000. The increase was due to normal course of business activities which include the necessity to contract outside lawyers to facilitate licensing in additional states and increases in audit fees.

Depreciation

We experienced an increase of approximately $41,000 due to additions of depreciable office equipment, which was necessary to facilitate the growth of Cordia Communications.

Insurance

We experienced an increase of approximately $93,000 primarily due to increased insurance coverage for a) office staff, we hired fifty-five (55) new employees during 2004, and b) equipment and office space, for our subsidiary, Cordia Communications. The increase of industry-wide insurance premiums is also a factor contributing to this increased operating cost for Cordia. We expect this trend to continue as we recently leased additional space in White Plains, New York, intended to house an inbound/outbound call center and software development center for our VoIP services.

Office Expense
Telephone
Rent and Building Maintenance

We experienced an increase of approximately $338,000 from continuing operations for our consolidated office expenses, which include telephone, rent and building expenses. This increase was due to our efforts to grow our telecommunications business, as well as the added expense of opening our new offices in White Plains, New York during the first quarter of 2004. We expect future office expenses to increase as we anticipate opening an additional office in White Plains, New York and in Orlando, Florida during the second quarter of 2005.

Other Selling, General and Administrative

Other selling, general and administrative expenses consist of expenses such as bad debt, dues and subscriptions, commissions, bank and credit card processing fees, license expense and registration fees, among others. We experienced an increase of approximately $816,000 due to our expenses related to the growth of Cordia Communications, Corp., the largest of these expenses being related to bad debt expenses, which correlates directly to our increase in telecommunications revenues. We expect this trend to continue during 2005 as we continue to grow our telecommunications business.

Liquidity and Capital Resources

At December 31, 2004, we had cash and cash equivalents of approximately $300,000 an increase of approximately $189,000 from amounts reported at December 31, 2003, and a working capital deficit of approximately ($1,085,000), which represented an increase in working capital deficit of approximately $346,000 from amounts reported at December 31, 2003 of approximately ($739,000). The increase in our working capital deficit is directly related to expenditures and resulting accounts payable, which were necessary to grow our telecommunications business. We believe our revenue stream will allow us to continue to meet our existing and new financial obligations while achieving a level of profitability. Additionally, we recently completed a $1,500,000 private placement as discussed in Note 8(c) to the Company's financial statements. The completion of this transaction has allowed us to strengthen our financial position enabling us to continue to maintain and promote our growth rate.

Net cash provided by operating activities aggregated approximately $425,000 an increase of approximately $ 436,000 from the amount used during the year ended December 31, 2003. For the year ended December 31, 2004, the principal source of cash provided was due to the increase in accounts payable of approximately $4,043,000 which was offset against the source of cash used for the increase in accounts receivable of approximately $4,450,000, as compared to the year ended December 31, 2003 where the source of cash provided for the increase in accounts payable of approximately $965,000 offset against the source of cash used for the increase in accounts receivable of approximately $718,000.

Net cash used in investing activities for the year ended December 31, 2004 aggregated approximately ($197,000) as compared to net cash used of ($19,000) for the year ended December 31, 2003. Cash applied to investing activities consisted primarily of purchases of computer equipment amounting to $197,000 and $27,000 for the years ending December 31, 2004 and December 31, 2003, respectively. The cash used in investing activities was offset by proceeds received from the sale of certain investments of approximately $7,000 for the year ended December 31, 2003.

Net cash used in financing activities aggregated approximately ($39,000) for the year ended December 31, 2004, as compared to net cash provided by financing activities of approximately $70,000 during the year ended December 31, 2003. The principle source of cash used by financing activities in the year ended December 31, 2004 was primarily attributed to our purchase of treasury stock aggregating approximately ($31,000) as compared to net cash provided during the 2003 period which was primarily attributed to an increase in loans payable to affiliates of approximately $42,000 and proceeds from subscription stock of approximately $39,000 offset against funds spent to repay loans to affiliates of approximately ($10,000) for the period ending December 31, 2003.

During fiscal 2004, we had advertising and promotional expenses of approximately $2,596,000, or approximately 19% of revenues. We expect our advertising and promotional expenses to continue to grow in the future but at a slower rate than revenue growth. Therefore, in future periods we expect total advertising and promotional expenses to be a smaller portion of revenue. Advertising and promotional expenses are primarily outsourced telemarketing expenses. We have not entered into volume commitments with any of our third party sales organizations. By avoiding volume commitments, we are better able to control our levels of advertising expenditures. We believe that this flexibility affords us the opportunity to aggressively grow our revenues while maintaining the short-term ability to adjust our expenditures based on our available working capital and liquidity.

Although, we have generated operating losses for both of the last two fiscal years, these losses were primarily due to the large initial expenses we incurred from corporate staffing, system development and sales and marketing. In addition to our corporate staff, we hired additional development staff, currently employing eight (8) full-time system developers and anticipate hiring additional development staff in 2005. We believe that as our revenues increase our expenses related to corporate staffing, system development and sales and marketing, as a percent of total revenues will continue to decrease. We believe that our fixed costs under our commercial agreements with Verizon and Qwest and our roll-out of VoIP will promote profitability and we hope to be profitable in the first half 2005.

We believed that our cash and cash equivalent assets at December 31, 2004, would not provide us with sufficient liquidity to (a) continue to grow our telecommunications and outsourced service businesses and (b) to increase our expenditures on our planned rollout of VoIP and wireless services. We did however believe in our ability to generate sufficient cash flows to meet our obligations as they came due during 2005. In recognition of the potential need for additional working capital, management completed a $1,500,000 private placement involving the issuance of Series A convertible preferred stock and warrants as discussed in Note 8(c) to the Company's financial statements. Today, we believe that our current cash and cash equivalent assets plus our anticipated profits will provide us with sufficient liquidity to continue telecommunications operations and VoIP development. We do, however, recognize the limiting effect that our liquidity has on our growth rate and management may seek additional sources of capital to neutralize this limitation.

Item 7. Financial Statements.

The following consolidated financial statements, notes thereto, and the related independent registered public accounting firm's report contained on page F-1 to the Company's consolidated financial statements are herein incorporated:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - December 31, 2004 and 2003

Consolidated Statements of Operations - Years ended December 31, 2004 and 2003

Consolidated Statements of Stockholders' Equity (deficit) – Years ended December 31, 2004 and 2003

Consolidated Statements of Cash Flows - Years ended December 31, 2004 and 2003

Notes to Consolidated Financial Statements - Years ended December 31, 2004 and 2003

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On January 7, 2004, our former auditors resigned and on January 19, 2004, we engaged the services of Lazar, Levine & Felix LLP to serve as our new principal independent accountants for our audit for the year ending December 2003, for which an 8K was filed.

Item 8A. Controls and Procedures.

(a) Based upon an evaluation performed within 90 days of this Report, our Chief Executive Officer ("CEO") and Chief Accounting Officer ("CAO") have each concluded that our disclosure controls and procedures are effective to ensure that material information relating to our Company is made known to management, including the CEO and CAO, particularly during the period when our periodic reports are being prepared, and that our internal controls are effective to provide reasonable assurances that our financial condition, result of operations and cash flows are fairly presented in all material respects.

(b) The CEO and CAO each note that, since the date of his/her evaluation until the date of this Report, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 8B. Other Information

We executed a multi-state network access and services agreement with Qwest Corporation on November 15, 2004. The Agreement provides us with a replacement for UNE-P through July 2008.

On December 28, 2004, Cordia gave West Lane Group, Inc. written notice of its intention to exercise its option to purchase 100,000 shares at $0.40 per share pursuant to an option agreement entered into between the parties as described in the Subsidiary section of Item 1. The shares were transferred to Cordia on February 9, 2005.

Part III

Item 9. Directors, Executive Officers, Promoters and Control Persons

Directors and Executive Officers.

Information regarding our directors and executive officers is incorporated by reference to the section entitled "Election of Directors" appearing in our Proxy Statement for our Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "Commission") within 120 days after the end of our year ended December 31, 2004.

Item 10. Executive Compensation.

Information regarding executive compensation is incorporated by reference to the information set forth under the caption "Executive Compensation" in our Proxy Statement for our Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our year ended December 31, 2004.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management Ownership" in our Proxy Statement for our Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our year ended December 31, 2004.

Item 12. Certain Relationships and Related Transactions.

Information regarding certain relationships and related transactions is incorporated by reference to the information set forth under the caption "Certain Relationships and Related Transactions" in our Proxy Statement for our Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our year ended December 31, 2004.

Item 13. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed.

Exhibit No.	Description
2.1	Articles of Incorporation (incorporated by reference to Exhibit B(1) to our Form 10-Q filed with the Commission on May 16, 2000).
2.2	Revised Bylaws (incorporated by reference to Exhibit B(4) to our Form 10-Q filed with the Commission on May 16, 2000).
2.3	Articles of Merger of Vestex, Inc. and CyberopticLabs, Inc. (incorporated by reference to Exhibit B(2) to our Form 10-Q filed with the Commission on May 16, 2000)
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to our Form 10-KSB filed with the Commission on April 14, 2001).
10.1	Cordia Corporation 2001 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to our Form 10-KSB filed with the Commission on April 14, 2001).
21	Subsidiaries - list of all subsidiaries, jurisdiction of incorporation and names under which subsidiaries do business.
31.1	Certification of Cordia Corporation's Principal Executive Officer, Patrick Freeman, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Cordia Corporation's Principal Financial Officer, Lorie M. Guerrera, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Cordia Corporation's Principal Executive Officer, Patrick Freeman, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Cordia Corporation's Principal Financial Officer, Lorie M. Guerrera, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Item 14. Principal Accounting Fees and Services.

Information regarding our principal accountant fees and services is incorporated by reference to the information set forth under the caption "Principal Accountant Fees and Services" in our Proxy Statement for the Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our year ended December 31, 2004.

SIGNATURES

In accordance Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORDIA CORPORATION

Date: March 29, 2005

By: /s/ Patrick Freeman

Patrick Freeman
President and Chief Executive Officer

Date: March 29, 2005

By: /s/ Lorie M. Guerrera

Lorie M. Guerrera
Chief Accounting Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities stated on March 29, 2005.

Signature	Title
/s/Patrick Freeman	President, Director (Principal Executive Officer)
/s/John Scagnelli	Director
/s/Wesly Minella	Secretary, Director

EXHIBIT 21

LIST OF SUBSIDIARIES

Subsidiary	Jurisdiction of Incorporation	Name Under Which Subsidiary Does Business
Cordia Communications Corp.	Nevada	Cordia Communications Corp.
My Tel Co, Inc.	New York	My Tel Co, Inc.
CordiaIP Corp.	Nevada	CordiaIP Corp.

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Patrick Freeman, certify that:

1. I have reviewed this annual report on Form 10-KSB of CORDIA CORPORATION;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have;

   (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors, any material weaknesses in internal controls; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 29, 2005

/s/ Patrick Freeman

President and Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Lorie M. Guerrera certify that:

1. I have reviewed this annual report on Form 10-KSB of CORDIA CORPORATION;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have;

   (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors, any material weaknesses in internal controls; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 29, 2005

/s/ Lorie M. Guerrera

Chief Accounting Officer

EXHIBIT 32.1.

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Patrick Freeman, Chief Executive Officer of Cordia Corporation (the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Annual Report on Form 10-KSB for the period December 31, 2004 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a)
or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Patrick Freeman

Patrick Freeman
Chief Executive Officer

March 29, 2005

* A signed original of this written statement required by Section 906 has been provided to Cordia Corporation and will be retained by Cordia Corporation and furnished to the Securities Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Lorie M. Guerrera, Chief Accounting Officer of Cordia Corporation (the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Annual Report on Form 10-KSB for the period December 31, 2004 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Lorie M. Guerrera

Lorie M. Guerrera
Chief Accounting Officer

March 29, 2005

* A signed original of this written statement required by Section 906 has been provided to Cordia Corporation and will be retained by Cordia Corporation and furnished to the Securities Exchange Commission or its staff upon request.

CORDIA CORPORATION AND SUBSIDIARIES
DECEMBER 31, 2004 AND 2003

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Cordia Corporation

We have audited the accompanying consolidated balance sheets of Cordia Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cordia Corporation and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 1 to the financial statements, the company has suffered recurring losses from operations that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ LAZAR LEVINE & FELIX LLP

New York, New York
March 4, 2005

CORDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31, 2004	2003
ASSETS		
Current Assets		
Cash	$ 300,119	$ 111,288
Accounts receivable, less allowance for doubtful accounts of $627,158 (2004) and $111,167 (2003)	4,423,423	600,840
Prepaid expenses	324,420	111,009
Accrued usage receivable	263,014	82,148
Loans receivable from affiliates	-	30,000
TOTAL CURRENT ASSETS	5,310,976	935,285
Property and equipment, at cost		
Office and computer equipment	236,597	39,759
Less: Accumulated depreciation	59,182	10,241
NET PROPERTY AND EQUIPMENT	177,415	29,518
Other Assets		
Note receivable	-	595,000
Security Deposits	59,064	77,414
TOTAL OTHER ASSETS	59,064	672,414
TOTAL ASSETS	$ 5,547,455	$ 1,637,217
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	$ 3,316,121	$ 887,860
Accrued expenses	2,154,910	539,716
Unearned income	867,728	181,763
Loans payable to affiliates	-	8,074
Loans payable-other	57,000	57,000
TOTAL CURRENT LIABILITIES	6,395,759	1,674,413
Noncurrent Liabilities		
Deferred Rent	2,840	-
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock, $.001 par value; 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $.001 par value; 100,000,000 shares authorized, 4,541,210 (2004) and 6,156,211 (2003) shares issued and outstanding	4,541	6,156
Additional paid-in capital	3,660,087	4,271,622
Accumulated deficit	(4,459,774)	(4,289,974)
	(795,146)	(12,196)
Less: Treasury stock, at cost, 77,694 (2004) and 10,000 (2003) common shares	(55,998)	(25,000)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(851,144)	(37,196)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 5,547,455	$ 1,637,217

See notes to consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31 2004	2003
Revenues		
Telecommunications revenue	$ 12,622,964	$ 3,489,779
Other	606,492	545,998
	13,229,456	4,035,777
Operating Expenses		
Resale and wholesale line charges	6,207,042	1,814,602
Payroll and payroll taxes	2,246,651	1,105,818
Advertising and promotion	2,596,326	755,965
Professional and consulting fees	153,571	198,411
Depreciation	48,941	7,607
Insurance	180,786	87,817
Office expense	154,890	43,408
Telephone	182,421	65,814
Rent and building maintenance	163,195	52,795
Other selling, general and administrative	1,438,688	623,401
	13,372,511	4,755,638
Operating Loss	(143,055)	(719,861)
Other Income (Expenses)		
Impairment loss on note receivable	-	(155,000)
Income (loss) on investments	-	3,750
Other expense	(17,809)	(1,640)
Interest income	-	46,775
Interest expense	(8,936)	(3,799)
	(26,745)	(109,914)
Loss From Continuing Operations	(169,800)	(829,775)
Income (Loss) from Discontinued Operations		
Gain on disposal of subsidiaries	-	1,554,306
Loss from operations of ISG & subsidiary	-	(140,726)
	-	1,413,580
Net Income (Loss)	$ (169,800)	$ 583,805
Basic and Diluted Income (Loss) per Share	$ (0.04)	$ 0.10
Weighted Average Shares Outstanding	4,722,032	5,796,581

See notes to consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2004 AND 2003

	Common Stock				Treasury Stock			
	Number of Shares	Amount	Additional Paid-In Capital	Common Stock Subscribed	Number of Shares	Amount	Accumulated Deficit	Total Deficit
Balance, December 31, 2002	5,701,211	$5,701	$3,956,739	$60,000	10,000	$(25,000)	$(4,873,779)	$(876,339)
Common Stock purchased by nonaffiliates	60,000	60	44,440	-	-	-	-	44,500
Common Stock issued:								
Employees	335,000	335	100,165	-	-	-	-	100,500
Non-employees, net of expenses	60,000	60	53,940	(60,000)	-	-	-	(6,000)
Options granted and consulting expense:								
Employees	-	-	15,000	-	-	-	-	15,000
Non-employees	-	-	101,338	-	-	-	-	101,338
Net Income	-	-	-	-	-	-	583,805	583,805
Balance, December 31, 2003	6,156,211	6,156	4,271,622	-	10,000	(25,000)	(4,289,974)	$(37,196)
Common Stock issued:								
Employees	110,000	110	45,490	-	(256)	-	-	45,600
Stock received from sale of ISG and retired	(1,725,001)	(1,725)	(657,025)	-	-	-	-	(658,750)
Treasury Shares purchased	-	-	-	-	67,950	(30,998)	-	(30,998)
Net Loss	-	-	-	-	-	-	(169,800)	(169,800)
Balance, December 31, 2004	4,541,210	$4,541	$3,660,087	-	77,694	$(55,998)	$(4,459,774)	$(851,144)

See notes to consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31	
	2004	2003
Cash Flows From Operating Activities		
Net (loss) from continuing operations	$ (169,800)	$ (829,775)
Adjustments to reconcile net loss to net cash provided (used) by operations		
Gain on investments	-	(3,750)
Compensatory stock expense	45,600	216,838
Provision for accounts receivable	627,544	247,668
Depreciation expense	48,941	7,607
Impairment loss on note receivable	-	155,000
(Increase) decrease in assets:		
Accounts receivable	(4,450,127)	(718,158)
Other receivables	-	46,082
Prepaid expenses	(247,161)	(94,115)
Accrued usage receivable	(180,866)	(51,735)
Security deposits	18,350	(43,650)
Increase (decrease) in liabilities:		
Accounts payable	2,428,261	460,174
Accrued expenses	1,615,194	504,425
Unearned income	685,965	171,859
Deferred Rent	2,840	-
Net cash provided by continuing operations	424,741	68,470
Net cash (used) by discontinued operations	-	(79,029)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	424,741	(10,559)
Cash Flows From Investing Activities		
Decrease in other loans receivable	-	1,750
Proceeds from sale of investments	-	6,550
Purchase of property and equipment	(196,838)	(27,113)
NET CASH USED BY INVESTING ACTIVITIES	(196,838)	(18,813)
Cash Flows From Financing Activities		
Proceeds from loans payable	20,000	42,000
Payments of loans payable	-	(10,083)
Payments of loans payable to affiliates	(28,074)	-
Purchase of treasury stock	(30,998)	-
Proceeds from sale of subscription stock	-	38,500
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(39,072)	70,417
Increase in Cash	188,831	41,045
Cash, Beginning	111,288	70,243
Cash, Ending	$ 300,119	$ 111,288
Supplemental Disclosures of Cash Flow Information - Cash paid during the year for:		
Interest	$ 8,936	$ 3,799
Non Cash Items:		
Common stock issued	$ -	$54,000

See notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

The Company

Cordia Corporation (formerly CyberOpticLabs, Inc.) ("Cordia") was organized on June 22, 1988 and consummated an Initial Public Offering of its common stock on March 15, 1989. On February 26, 1992, Cordia filed a current report on Form 8-K reporting that it had ceased operations and was liquidating its assets to pay off existing liabilities due to a lack of working capital.

On November 30, 2000, Cordia acquired all of the outstanding common stock of ISG Group, Inc. ("ISG") and U.S. Direct Agency, Inc. ("USD") in exchange for 4,330,200 shares of Cordia's common stock (approximately 84 percent of Cordia's common shares issued and outstanding). For accounting purposes, the transaction was treated as the acquisition of Cordia by ISG and USD, with ISG and USD as the acquirer (reverse acquisition).

The acquisition of Cordia had been accounted for as a series of capital stock transactions by ISG and USD. Accordingly, no goodwill was recorded and no pro-forma information was provided.

Operations

The Company's wholly-owned subsidiary, Cordia Communications Corp. ("CCC"), was formed during 2001 and commenced operations during 2002, as a competitive local exchange carrier providing local and long distance telecommunications services to businesses and individuals in New York, New Jersey and Pennsylvania. The telecommunications services provided by CCC are subject to regulation at the federal, state and local levels. Delays in receiving required regulatory approvals or the enactment of new adverse regulation or regulatory requirements may have a material adverse effect upon CCC.

Principles of Consolidation

The consolidated financial statements include the accounts of Cordia, CordiaIP, My Tel (an inactive subsidiary)and CCC for the years ended December 31, 2004 and 2003. All material intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Presentation

These consolidated financial statements have been prepared assuming that Cordia and its subsidiaries ("the Company") will continue as a going concern. The Company has incurred losses since its inception and also has a negative working capital and deficiency in stockholders' equity as of December 31, 2004. These conditions raise substantial doubt about the Company's ability to continue as a going concern. During 2003, the Company sold its interests in ISG (a subsidiary). As a result of this transaction, the Company's stockholders' equity increased by approximately $1,556,000. The Company disposed of business segments that have historically generated net losses and working capital deficiencies, and the Company received a $750,000 note secured by 700,000 shares of the Company's common stock. In addition, the Company's remaining business segment, CCC, was profitable in 2003 and 2004. Accordingly, management believes that the Company will be able to generate sufficient cash flows to meet its obligations as they come due during 2005. In its efforts to strengthen its financial position the Company consummated a private placement with Barron Partners, L.P. subsequent to the year ended December 31, 2004, in which the Company issued 1,500,000 shares of Series A Convertible Preferred Stock, and issued warrants to purchase 750,000 shares of the Company's common stock at $2.00 per share and warrants to purchase 750,000 shares of the Company's common stock at $4.00 per share. Barron's cash consideration for the Series A Convertible Preferred Stock and warrants total $1,500,000.

Cash and Cash Equivalents

The Company classifies as cash and cash equivalents amounts on deposit in banks and cash invested temporarily in various instruments with maturities of three months or less at time of purchase.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (cont'd)

Fair Value of Financial Instruments

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. Concentrations with regard to accounts receivable are limited due to the Company's large customer base.

The Company from time to time may maintain cash balances, which exceed the Federal Depository Insurance Coverage limit. The Company performs periodic reviews of the relative credit rating of its bank to lower its risk.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these items. The carrying amount of debt also approximates fair value since the interest rates on these instruments approximate market interest rates.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. For financial reporting purposes, depreciation is provided using accelerated methods over useful lives ranging from three to seven years. Expenditures that significantly increase value or extend useful asset lives are capitalized. Expenditures for maintenance, repairs and renewals of a minor nature are charged against operations as incurred.

Revenue Recognition

Telecommunication income is recognized as services are provided. The Company recognizes revenues in accordance with the Securities and Exchange Commission, Staff Accounting Bulletin 104, "Revenue Recognition"("SAB 104"). Under SAB 104, revenue is recognized when there is persuasive evidence of an arrangement, delivery has occurred or services have been rendered, the sales price is determinable, and collectability is reasonably assured.

Amounts invoiced and collected in advance of being earned are recorded as unearned income. Unbilled services are recorded as accrued usage receivable.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the years ended December 31, 2004 and 2003, advertising and promotion costs aggregated $2,596,326 and $755,965 respectively.

Bad Debt Expense

The Company provides for estimated losses on accounts receivable, using the allowance method, based on prior bad debt experience and a review of existing receivables.

Comprehensive (Loss) Income

The Company has no items of other comprehensive income in any period presented. As such, Net (Loss) Income as presented in the statement of operations equals comprehensive (loss) income.

Stock-Based Compensation

The Company accounts for employee stock-based compensation in accordance with Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." Stock options are granted at prices equal to the fair market value of the Company's Common Stock on the grant dates, therefore no compensation expense is recognized in connection with stock options granted to employees. Compensation expenses resulting from grants of restricted stock is recognized during the period the service is performed.

In 1996, SFAS No. 123, "Accounting for Stock-Based Compensation," prescribed that the recognition of compensation be based on the fair value of options on the grant date, and allowed companies to continue applying APB 25 if certain pro forma disclosures are made assuming hypothetical fair value method application. See Note 5 for pro forma disclosures required by SFAS No. 123 plus additional information on the Company's stock options (see also - New Accounting Pronouncement SFAS No.123R below).

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (cont'd)

Earnings (loss) Per Share

Earnings (loss) per common share are calculated under the provisions of SFAS No. 128, "Earnings per Share." SFAS No. 128 requires the Company to report both basic earnings per share, which is based on the weighted-average number of common share outstanding, and diluted earnings per share, which is based on the weighted-average number of common shares outstanding plus all potential dilutive common shares outstanding. Diluted earnings (loss) per share has not been presented as the effect of the common stock purchase options and warrants outstanding, on such calculation, would have been anti dilutive.

Weighted average number of shares outstanding were 4,722,032 and 5,796,581 for 2004 and 2003, respectively.

Recent Accounting Pronouncements Affecting the Company

In March 2004, the FASB reached a consensus on Emerging Issues Task Force (EITF) Issue No. 03-1, "The Meaning of Other-Than Temporary Impairment and Its Application to Certain Investments, " which provides guidance to determine the meaning of other-than-temporary impairment and its application to investments classified as either available-for-sale or held-to-maturity (including individual securities and investments in mutual funds), and investments accounted for under the cost method or the equity method. The guidance for evaluating whether an investment is other-than-temporarily impaired should be applied in other-than-temporary impairment evaluations made in reporting periods beginning after June 15, 2004. The adoption of Issue No. 03-1 has not had any impact on the Company's financial statements and results of operations.

In April 2004, the EITF reached consensus on EITF Issue No. 03-6, "Participating Securities and the Two Class Method under FASB Statement No. 128" ("EITF 03-6"). EITF 03-06 addresses a number of questions regarding the computation of earnings per share by companies that have issued securities other than common stock that contractually entitle the holder to participate in the dividends and earnings of the company when, and if, it declares dividends on its common stock. EITF 03-6 also provides further guidance in applying the two-class method of calculating earnings per share, clarifying what constitutes a participating security and how to apply the two-class method of computing earnings per share once it is determined that a security is participating, including how to allocate undistributed earnings to such a security. EITF 03-6 is effective for fiscal periods beginning after March 31, 2004 and requires retroactive restatement of prior earnings per share amounts. The adoption of EITF No. 03-6 has not had a material impact on the Company's financial statements and results of operations.

In August 2004, Section 409 of the Sarbanes-Oxley Act required changes and enhancements to Form 8-K to provide "real time" disclosure of current events for investors on a timelier basis. Under Section 409, issuers now have only 4 business days to file Form 8-K's and new reporting sections have been added.

In December 2004, the FASB issued a revision of SFAS No. 123 "Share-Based Payment" (No. 123R). The statement establishes standards for accounting for transactions in which an entity exchanges its equity investments for goods and services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. The statement does not change the accounting guidance for share-based payments with parties other than employees. The statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exception). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). A public entity will initially measure the cost of employee services received in exchange for an award of a liability instrument based on its current fair value; the fair valued of that award will be remeasured subsequently at each reporting date through the settlement date. Changes in fair value during the requisite service period will be recognized as compensation over that period. The grant-date for fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of these instruments. The Company will be required to comply with this pronouncement for periods beginning after December 15, 2005.

In December 2004, the FASB issued SFAS No. 153 "Exchange of Non-monetary Assets - an amendment of APB Opinion No. 29." Statement 153 eliminates the exception to fair value for exchanges of similar productive assets and replaces it with a general exception for exchange transactions that do not have commercial substance, defined as transactions that are not expected to result in significant changes in the cash flows of the reporting entity. This statement is effective for exchanges of non-monetary assets occurring after June 15, 2005. The application of this statement is not expected to have an impact on the Company's financial statements.

NOTE 2 - INVESTMENTS

Trading Securities

At December 31,2004, Cordia did not have any investments to report. However, during fiscal year 2003, the Company held common shares of eLEC Communications Corp. ("eLEC"), which were sold prior to December 31, 2003. All investments were classified as trading securities and accordingly, stated at fair value, which is based on market quotes. Adjustments to fair value of the equity securities are recorded as an increase or decrease in investment income in the accompanying statements of operations.

The cost of securities sold is based on the specific identification method. The following is a reconciliation of gain on investments from continuing operations during the years ended December 31, 2004 and 2003.

	2004	2003
Net change in unrealized gain (losses)	$ -	$ -
Realized gain	-	3,750
Total	$ -	$ 3,750

The Company recorded no proceeds for the year ended December 31, 2004 and realized proceeds of $6,550 for the year ended 2003, from the sale of investments.

NOTE 3 - SALE OF BUSINESS SEGMENTS

Sale of Insurance Subrogation Group, Inc ("ISG")

On March 3, 2003, Cordia sold its equity interests in ISG to West Lane Group, Inc., a company owned by the then current management of ISG for a purchase price of $750,000. The purchase price was represented by a two-year promissory note, which bore interest at a rate of 6% per annum and was secured by 700,000 shares of Cordia's stock owned by West Lane. Cordia also entered into a licensing and services agreement, whereby ISG purchased an unlimited license to SUBRO AGS software. Upon execution of the licensing and services agreement, ISG paid Cordia $100,000 and pursuant to the terms of the agreement, agreed to make monthly payments of $6,000 (including interest) for a twenty-five (25) month period in exchange for Cordia's agreement to provide software updates and maintenance as necessary during this period.

The following is a summary of the sale transaction of ISG:

Assets sold	$ (872,726)
Liabilities assumed by buyer	1,615,335
Note received	750,000
Write-off of inter-company receivables and payables	61,697
Gain on sale, before income taxes	$1,554,306

As a result of the sale of ISG, employee stock options to purchase 83,000 common shares of the Company at $7.50 per share expired.

In two transactions occurring in December 2003 and February 2004, respectively, the Company agreed to accept a total of 1,725,001 shares of its Common stock owned by West Lane Group, Inc. and a fifteen (15) month option to purchase 100,000 additional shares of its Common Stock at $.40 per share to satisfy the remaining principal balance of the promissory note pursuant to a Mutual Release and Satisfaction of Promissory Note and License Agreement. A total of 1,725,001 shares were transferred to the Company during the first quarter of 2004 and all were thereafter retired resulting in a reduction of total outstanding shares, as of February 18, 2004 to 4,431,210 shares.

NOTE 3 - SALE OF BUSINESS SEGMENTS (cont'd)

The following is a summary of the revenues and loss from operations of the discontinued business segments:

	Year Ended December 31, 2004	Year Ended December 31, 2003
Revenues:		
Subrogation Service Revenue, net	$ -	$ 631,361
Claims Administration income	-	197,667
Total Revenues	$ -	$ 829,028
Loss before income taxes	$ -	$ (140,726)

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company periodically borrows funds from shareholders and affiliates of shareholders. The loans bear interest at a rate of 12% per annum and are payable on demand. Interest expense resulting from related party loans totaled $2,040 and $673 during the years ended December 31, 2004 and 2003, respectively.

NOTE 5 - STOCKHOLDERS' EQUITY

On May 23, 2003, Cordia's shareholders voted to amend the 2001 Equity Incentive Plan (the "Plan") by authorizing an additional 1,000,000 shares. The total number of shares of Cordia's common stock authorized for issuance under the Plan is 6,000,000, subject to adjustment for events such as stock dividends and stock splits.

The Plan is administered by a committee of the board of directors having full and final authority and discretion to determine when and to whom awards should be granted. The committee will also determine the terms, conditions and restrictions applicable to each award. Transactions under the Plan are summarized as follows:

	Stock Options	Exercise Price
Balance, January 1, 2003	146,000	$ 2.00 to 7.50
Granted with 5 year vesting	915,000	.60
Exercised and forfeited	(133,000)	.60 to 7.50
Balance December 31, 2003	928,000	
Granted with 5 year vesting	209,000	.40
Exercised	-	
Expired	(200,000)	.40
Balance, December 31, 2004	937,000	.40 to 7.50

In electing to follow APB 25 for expense recognition purposes, the Company is obliged to provide the expanded disclosures required under SFAS No. 123 for stock-based compensation granted in 1996 and thereafter. The fair value of the employee stock options granted during 2004 and 2003 was approximately, $114,000 and $266,000, respectively, based on the Black-Scholes option valuation model. For purposes of pro forma disclosures, stock-based compensation is recognized over the vesting period as vesting requirements are fulfilled.

NOTE 5 - STOCKHOLDERS' EQUITY (cont'd)

The following table compares 2004 and 2003 results as reported to the results had the Company adopted the expense recognition provisions of SFAS No. 123:

	As reported	Pro Forma
2004		
Net loss	$ (169,800)	$ (284,000)
Loss per share	$ (0.04)	$ (0.06)
2003		
Net income	$ 584,000	$ 318,000
Income per share	$ 0.10	$ 0.06

The fair value of each option grant was estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for 2004 and 2003 respectively: expected volatility of 107.08% and 328%; risk-free rate of 3.31% and 1.8%; and expected life of 4 years and 2.5 years.

The effects of applying SFAS 123 in the above pro forma disclosures are not indicative of future amounts as future amounts are likely to be affected by the number of grants awarded and since additional awards are generally expected to be made at varying prices.

NOTE 6 - INCOME TAXES

The tax effect of the temporary differences that give rise to deferred tax assets are presented below:

	2004	2003
Accounts Receivable	$ 250,000	$ 44,000
Net Operating Losses	729,000	867,000
Valuation Allowances	(979,000)	(911,000)
	$ -	$ -

A full valuation allowance was provided for such deferred tax assets, since, in managements opinion, the realizability of such assets was uncertain in light of operating losses incurred to date. The Company periodically reviews the adequacy of the valuation allowance and will recognize benefits only if a reassessment indicates that it is more likely than not that the benefits will be realized.

The Company and its subsidiaries have incurred losses since inception that have generated net operating loss carryforwards aggregating approximately $2,000,000 at December 31, 2004 for federal and state income tax purposes. These carryforwards are available to offset future taxable income and expire at various years through 2023.

NOTE 7 - COMMITMENTS

Operating Leases

The Company is committed for annual rentals under two separate non-cancelable operating leases (including the lease disclosed in Note 8(a) below) for its office space. Future minimum rental commitments under these leases for years subsequent to December 31, 2004 are as follows:

Year Ending December 31:		
2005	$	163,590
2006		166,430
2007		173,995
2008		173,995
2009		178,720
2010		113,400
	$	970,130

Rent and other occupancy charges included in operating expenses was $163,195 and $74,761 for the years ended December 31, 2004 and 2003, respectively.

Employee Benefit Plan

In 2004, the Company began the "Cordia Corporation 401(k) Profit Sharing Plan" covering all eligible employees. Under the plan, the Company matches on an elective basis, 50% of the first 6% contributed by the employee, for an aggregate maximum of 3%. Participating employees shall become vested in employer contributions after 3 years of service. If a participating employee is terminated or resigns before the 3 year vesting period employer contributions shall be forfeited. The plan became effective January 1, 2004 and employee and employer contributions commenced April 16, 2004. As of December 31, 2004, employee contributions totaled $53,745 and employer contributions totaled $22,942.

NOTE 8 - SUBSEQUENT EVENTS

(a) Lease Agreement

As of January 13, 2005, the Company entered into a lease agreement for an additional 4,725 square feet of rental space in White Plains, New York from its current landlord. The rental price is $8,663 per month plus utilities for a term of five years, expiring July 31, 2010, with incremental annual increases in rent commencing in year three of the lease term. This additional space will house an inbound/outbound call center, development team, and technical support for the Company's Voice Over Internet Protocol business.

(b) Company's Common Stock Purchase

On December 28, 2004, the Company gave West Lane Group, Inc. written notice of its intention to exercise its option to purchase 100,000 shares at $0.40 per share pursuant to an option agreement entered into between the parties as described in Note 3. The shares were transferred to the Company on February 9, 2005.

(c) Preferred Stock Purchase Agreement

On March 7, 2005, the Company consummated a private placement with Barron Partners, L.P., ("Barron") a Delaware limited partnership in which the Company issued 1,500,000 shares of Series A Convertible Preferred Stock, and issued warrants to purchase 750,000 shares of its common stock at $2.00 per share and warrants to purchase 750,000 shares of its Company's common stock at $4.00 per share. Barron's cash consideration for the Series A Convertible Preferred Stock and warrants total $1,500,000.

(d) Verizon Agreement

On January 21, 2005, Company's subsidiary, Cordia Communications, Corp. entered into a multi-year commercial wholesale services agreement with Verizon Communications, Inc. This agreement enables the Company to have continued access to Verizon's underlying network.