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CASSIAN INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2006

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OFFICERS AND ADVISERS

Directors

O J Vaughan (Chairman)
E Vandyk
A D Pereira

Secretary and registered office

N R Gordon
17 Hanover Square
London W1S 1HU

Company number

3928553

Auditors

BDO Stoy Hayward LLP
Emerald House
East Street
Epsom
Surrey KT17 1HS

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0LA

CHAIRMAN'S STATEMENT

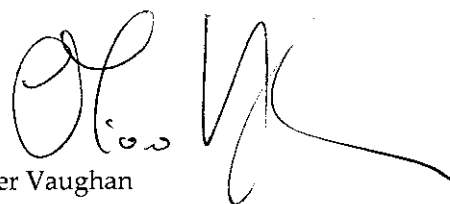
FOR THE YEAR ENDED 30 JUNE 2006

I have pleasure in presenting the report and accounts for the year ended 30 June 2006. However I have considerably more pleasure in finally being able to lay before you proposals concerning the acquisition of ZTC which are enclosed with these accounts.

As part of such proposals the Call on the A Ordinary shares is also being made.

I would remind holders of A Ordinary shares that their shares will be forfeit if the call of 1.5 pence per share on each A Ordinary share is not paid.

Finally, may I urge you to support the proposals to acquire ZTC at the forthcoming Extraordinary General Meeting and may I thank you for your forbearance over the last seven years.

A handwritten signature in black ink, appearing to read 'Oliver Vaughan', with a long horizontal flourish extending to the right.

Oliver Vaughan
13 February 2007

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2006

The Directors present their report together with the audited financial statements for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES, RESULTS, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company was established as a cash shell to identify a single transaction whereby the Company would acquire, or would be acquired by, an undertaking suitable for admission to a regulated market.

The result for the period is shown in the profit and loss account on page 9, and shows a profit after taxation for the year of £9,093.

Cash inflows for the year are interest income at a similar level to the prior year as the amount of funds held on deposit has been maintained, and proceeds from a legal settlement. Administrative costs have been reduced compared with the prior year following the conclusion of the re-structuring of the Company's share capital, and increased control over spending on due diligence costs in respect of potential investments.

The Directors do not recommend the payment of a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has no credit risk, being simply a cash shell with no trade, and interest rate risk is the main limiting factor on income.

The Company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a regular basis and ensures the appropriate facilities are available to be drawn upon as necessary.

FINANCIAL INSTRUMENTS

The Company holds or issues financial instruments to finance its operations. Operations and working capital requirements are financed by the net proceeds from the issue of shares in the Company. In addition, financial instruments such as trade creditors arise directly from the Company's operations. The Company does not enter into any hedging arrangements.

The Company has no significant exposure to price, credit, liquidity or cash flow risk.

The Company has investments in liquid funds with the Company's bankers which are used to manage fluctuations in cash flow. Cash flow is monitored by the Directors on a regular basis.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 12 to the financial statements.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2006

CONTINUED

DIRECTORS

The Directors who served during the year and their interests in the shares, options and similar interests of the Company were as follows:

	Warrants 30 June 2006	Warrants 30 June 2005	Further Subscription Rights		<i>Issued and partly paid to 0.5p per share:</i> A Ordinary Shares		<i>Issued and full paid:</i> Ordinary Shares	
			30 June 2006	30 June 2005	of 2p each 30 June 2006	of 2p each 30 June 2005	of 1p each 30 June 2006	of 1p each 30 June 2005
A J G Bilton (resigned 18.07.05)	—	—	—	—	—	—	—	—
G S U Baker (resigned 18.07.05)	—	5,000,000	—	—	—	2,500,000	—	—
A D Pereira	1,250,000	1,250,000	—	—	—	—	—	—
O J Vaughan	12,500,000	—	3,125,000	—	—	—	1,250,000	—
E Vandyk	12,500,000	—	3,125,000	—	—	—	1,250,000	—

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Director has taken all steps that they ought to have taken as Directors in order to make themselves aware of any information relevant to the audit and to ensure that the auditors are aware of all relevant audit information. As far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2006

CONTINUED

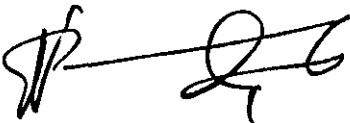
POLICY AND PRACTICE ON THE PAYMENT OF CREDITORS

The Company's policy concerning the payment of its suppliers is to arrange the best possible terms with them and then pay as appropriate to those terms, subject to satisfactory performance by the suppliers. Any contractual or legal obligations are honoured with creditors being paid by the agreed dates to satisfy such commitments. At the year end the number of days' purchases outstanding was nil (2005: nil).

AUDITORS

A resolution to re-appoint BDO Stoy Hayward LLP as auditors to the Company will be proposed at the Annual General Meeting. The notice of the 2007 Annual General Meeting is set out at the end of this document.

On behalf of the Board



E Vandyk

Director

13 February 2007

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF CASSIAN INVESTMENTS PLC

We have audited the financial statements of Cassian Investments Plc for the year ended 30 June 2006, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider with it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

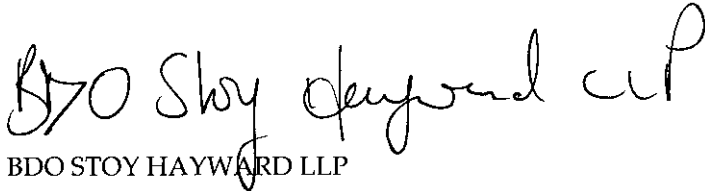
**REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF CASSIAN INVESTMENTS PLC**

(Continued)

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

A handwritten signature in black ink, appearing to read "BDO Stoy Hayward LLP", is written over the printed name of the firm.

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors Epsom, Surrey

13 February 2007

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

		2006	2005
	Note	£	£
Administrative expenses		(91,570)	(177,672)
Other operating income	3	<u>50,000</u>	<u>—</u>
OPERATING LOSS	3	(41,570)	(177,672)
Interest receivable		<u>50,663</u>	<u>47,432</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		9,093	(130,240)
Taxation on profit / (loss) from ordinary activities	4	<u>—</u>	<u>—</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>9,093</u></u>	<u><u>(130,240)</u></u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

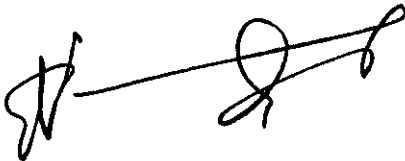
The notes on pages 12 to 17 form part of these financial statements.

BALANCE SHEET

AT 30 JUNE 2006

	Note	2006 £	2005 £
CURRENT ASSETS			
Debtors	5	53,250	1,769
Cash at bank and in hand		<u>1,137,315</u>	<u>992,140</u>
		1,190,565	993,909
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	6	<u>(34,463)</u>	<u>(96,900)</u>
NET ASSETS		<u><u>1,156,102</u></u>	<u><u>897,009</u></u>
CAPITAL AND RESERVES			
Share capital	7	1,264,575	1,139,575
Share premium	9	150,969	25,969
Profit and loss account	9	<u>(259,442)</u>	<u>(268,535)</u>
SHAREHOLDERS' FUNDS	10	<u><u>1,156,102</u></u>	<u><u>897,009</u></u>

The financial statements were approved by the Board and authorised for issue on 13 February 2007



E Vandyk
Director

The notes on pages 12 to 17 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	£	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW		
Operating loss	(41,570)	(177,672)
Increase in debtors	(51,481)	(384)
(Decrease)/increase in creditors	(62,437)	84,973
	<u>(155,488)</u>	<u>(93,083)</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		

CASH FLOW STATEMENT	2006	2006	2005	2005
	£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(155,488)		(93,083)
Returns on investments and servicing of finance				
Interest received	<u>50,663</u>		<u>47,432</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>50,663</u>		<u>47,432</u>
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<u>(104,825)</u>		<u>(45,651)</u>
MANAGEMENT OF LIQUID RESOURCES				
Decrease in short term deposits	<u>991,754</u>		<u>72,095</u>	
Cash inflow from management of liquid resources		<u>991,754</u>		<u>72,095</u>
FINANCING				
Issue of shares		250,000		—
Expenses of cancellation and issue of shares		<u>—</u>		<u>(52,097)</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>1,136,929</u>		<u>(25,653)</u>

		2006	2005
	Note	£	£
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash in the year		1,136,929	(25,653)
Cash inflow from movement in liquid resources		<u>(991,754)</u>	<u>(72,095)</u>
Movement in net funds in the year		145,175	(97,748)
Net funds at start of year		<u>992,140</u>	<u>1,089,888</u>
Net funds at end of year	8	<u>1,137,315</u>	<u>992,140</u>

The notes on pages 12 to 17 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

DEFERRED TAXATION

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

LIQUID RESOURCES

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

2. DIRECTORS' REMUNERATION

	2006	2005
	£	£
Amounts paid to third parties in respect of Directors' services	33,500	—
	<u>33,500</u>	<u>—</u>

3. OPERATING LOSS

	2006	2005
	£	£
This is stated after charging / (crediting):		
Auditors remuneration:		
— audit services	5,875	5,875
— non audit services	3,525	—
Legal settlement	(50,000)	—
	<u>5,375</u>	<u>5,875</u>

The legal credit above relates to an out of court settlement in relation to a professional negligence claim against the Company's former legal advisers in respect of advice on the Company's share structure.

4. TAXATION ON PROFIT / (LOSS) FROM ORDINARY ACTIVITIES

	2006	2005
	£	£
Current tax		
UK corporation tax	—	—
	<u>—</u>	<u>—</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

4. TAXATION ON PROFIT / (LOSS) FROM ORDINARY ACTIVITIES (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2006	2005
	£	£
Profit / (loss) on ordinary activities before tax	9,093	(130,240)
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 30 per cent. (2005: 30 per cent.)	2,728	(39,072)
Effects of:		
Income not subject to taxation	(15,000)	—
Excess management expenses	12,272	39,072
Current tax charge for period	—	—

5. DEBTORS

	2006	2005
	£	£
Payments and accrued income	53,250	1,769

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Other creditors	4,450	4,450
Accruals and deferred income	30,013	92,450
	34,463	96,900

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

7. SHARE CAPITAL

At 30 June 2006, the share capital of the Company was as follows:

	2006	2005
	£	£
Authorised		
298,085,000 Ordinary shares of 1p each (2005: 298,085,000)	2,980,850	2,980,850
201,915,000 A Ordinary shares of 2p each (2005: 201,915,000)	4,038,300	4,038,300
	7,019,150	7,019,150
	7,019,150	7,019,150
	2006	2005
	£	£
Issued and fully paid:		
25,500,000 Ordinary shares of 1p each (2005: 13,000,000)	255,000	130,000
Issued and partly paid to 0.25p per share		
201,915,000 Ordinary shares of 1p each	—	504,787
Cancellation of 201,915,000 Ordinary shares of 1p each	—	(504,787)
Issued and partly paid to 0.5p per share		
201,915,000 A Ordinary shares of 2p each (2005: 201,915,000)	1,009,575	1,009,575
	1,264,575	1,139,575
	1,264,575	1,139,575

Partly Paid shares

The balance on the partly paid shares will be payable upon the Directors resolving to make such a call.

Movements in Issued Share Capital

On 18 July 2005, the Company issued 12,500,000 new ordinary shares of 1 pence each for cash, at a premium of 1 pence per share.

Rights on Ordinary shares

The new A Ordinary shares of 2 pence each have exactly the same rights as the Ordinary 1 pence shares as to voting, income and capital rights.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

7. SHARE CAPITAL

(Continued)

Conversion of the A Ordinary shares of 2 pence into 1 pence Ordinary shares and Deferred Shares

On the twenty-eighth day immediately following the date on which all amounts outstanding in respect of any A Ordinary share of 2 pence shall have been paid in full, such A Ordinary shares of 2 pence shall be automatically sub-divided and converted into:-

(a) one Ordinary 1 pence share ranking *pari passu* in all respects and forming part of one uniform class with the fully paid Ordinary 1 pence shares then in issue.

(b) one Deferred share, and so that the rights attaching to the Deferred shares shall be as follows:

- a. no dividend or other distribution shall be paid or made in respect of the Deferred shares;
- b. the holders of Deferred shares shall not be entitled to receive notice of, or attend or vote at, any general meeting of the Company;
- c. on a return of capital whether on a winding-up or otherwise the holders of the Deferred shares shall be entitled to receive only the amount credited as paid up on each share but only after the holder of each Ordinary share shall have received the amount paid up or credited as paid up on such a share together with the payment of £1,000,000 per share but the holder of the Deferred shares shall not be entitled to participate further; and
- d. the creation of the Deferred shares by conversion as aforesaid, shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer and/or an agreement to transfer the same, without making any payment to the holders thereof, to such persons as the Company may determine and to acquire the same in accordance with the provisions of the Companies Acts without making any payment to the holders thereof and pending such transfer and/or cancellation to retain the certificates (if any) thereof.

Warrants and Subscription Rights

At 30 June 2006, the following warrants and subscription rights were outstanding in respect of ordinary shares of 1p each.

Date of grant	Number	Period of exercise	Price per share
Warrants to subscribe:			
1 November 2000	57,625,000	November 2000 - October 2007	2p
29 November 2000	24,068,750	November 2000 - November 2007	2p
Subscription rights:			
1 November 2000	13,000,000	November 2000 - October 2007	2p

Each warrant entitles the holder to subscribe for one Ordinary share of 1p at 2p per share at any time up to 31 October 2007. Each subscription right entitles the holder to subscribe for one Ordinary share of 1p at 2p per share at any time up to 31 October 2007, on the exercise of which he will be issued four warrants. If all of the 13,000,000 subscription rights in issue were exercised in full, a total of 52,000,000 additional warrants would be issued. Post balance sheet changes to the warrants and further subscription rights are detailed per note 12.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

8. ANALYSIS OF NET FUNDS

	At 1 July 2005 £	Cash Flow £	At 30 June 2006 £
Cash at bank and in hand	386	1,136,929	1,137,315
Liquid resources	991,754	(991,754)	—
Total	<u>992,140</u>	<u>145,175</u>	<u>1,137,315</u>

9. RESERVES

	Share Premium Account £	Profit and loss Account £
Balance at 1 July 2005	25,969	(268,535)
Issue of 12,500,000 new ordinary 1p shares at a premium of 1p each	125,000	—
Profit for the year	—	9,093
Balance at 30 June 2006	<u>150,969</u>	<u>(259,442)</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit / (loss) for the year	9,093	(130,240)
Issue of shares	250,000	1,009,574
Cancellation of shares	—	(2,523,936)
Share issue costs	—	(52,097)
Opening shareholders' funds	897,009	2,593,708
Closing shareholders' funds	<u>1,156,102</u>	<u>897,009</u>

11. RELATED PARTY TRANSACTIONS

During the year OVTV Limited charged the Company £6,500 (2005: £nil) in respect of office administration costs. O J Vaughan is a director and shareholder of OVTV Limited. At 30 June 2006, £nil (2005: £nil) was due to OVTV Limited.

During the year, Bilton House Investments Limited charged the Company £nil (2005: £17,850) in connection with expenses incurred on potential acquisitions. A J G Bilton, a former Director of the Company, is a director and majority shareholder of Bilton House Investments Limited. At 30 June 2006, £nil (2005: £4,450) was due to Bilton House Investments Limited and included within other creditors.

The Company also incurred costs of £nil (2005: £17,890) and £nil (2005: £17,850) in connection with expenses incurred on potential acquisitions by G Baker, a former Director of the Company, and A D Pereira respectively. There were no outstanding amounts due to G Baker or A D Pereira at, either 30 June 2006 or 30 June 2005.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

12. POST BALANCE SHEET EVENTS

On 19 December 2006, the Company sent out a proposal to the holders (other than the Directors and G Baker) of the 81,693,750 warrants and the 13,000,000 further subscription rights.

It was proposed that the remaining warrant and further subscription right holders exercise one eighth of their holdings and cancel the remaining seven eighths, and that the compensation for cancelling the seven eighths be equal to the costs of exercising one eighth.

By deeds of cancellation dated 2 February 2007 the 31,250,000 warrants and 6,250,000 further subscription rights held by the three Directors and one former Director were cancelled and 31,250,000 new warrants (each entitling the holder to subscribe for one Ordinary share of 1p at 2p per share at any time up to 31 March 2010) issued.

As a result of these proposals, all 13,000,000 further subscription rights and 72,781,250 warrants were cancelled and 9,410,155 new shares and 31,250,000 new warrants were issued.