RNS Number : 2669N
Zamano PLC
27 September 2012

Press Release **27 September 2012**

zamano PLC
("zamano" or "the Group")
Interim Results

zamano PLC (AIM:ZMNO, ESM:ZAZ), a leading provider of interactive web and mobile services announces its interim results for the 6 month period ended 30 June 2012.

Highlights:

- Revenue of €9.463 million (H1 2011: €6.239 million) and gross margin of 29% (H1 2011: 29%)
- Administration costs at €1.660 million down 24.6% on H1 2011 (H1 2011 Administration costs €2.202 million).
- EBITDA at €1.323 million was 123.5%* ahead of H1 2011 (H1 2011 EBITDA €0.592million)
- Gross Debt reduced to €4.255 million, with cash at €1.177 million (Net Debt €3.078 million)

Pat Landy CEO of zamano, commented: "the first half of 2012 was a period during which zamano significantly improved its trading performance. Even though the introduction by ComReg of its new code of practice will have an adverse affect on our Irish (D2C) and whitelabel (B2B) business in H2 and beyond, the Group anticipates a strong trading outcome for the full year".

John Rockett Chairman of zamano, added: "the Board and management are aware of the many commercial and regulatory challenges confronting the Group. However, the Group continues to show resilience in a tough economic and regulatory environment, and, by leveraging its core competencies in the web and mobile marketing sector, this should enable the business to achieve further progress during the second half of 2012".

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*This year on year percentage increase in EBITDA is computed after adding back Newsworthie JV and restructuring costs to arrive at adjusted EBITDA for 2011 of €0.592 million.

CEO's Statement

Introduction

The Group is pleased to report that it has achieved a significantly improved outturn at turnover, gross profit and EBITDA levels during the six month period ended 30 June 2012. Sales at €9.463m were 51.7% ahead of the same period last year (H1 2011 Sales €6.239m). Gross profit of €2.748m was 51.9% ahead of H1 2011 (H1 2011 gross profit €1.809m), and EBITDA at €1.323m was 123.5%* ahead of the corresponding period last year. These results are attributable to a particularly strong performance in our UK web and mobile marketing business and an impressive performance in our direct to consumer (D2C) and whitelabel (B2B) business in Ireland.

Market Review

Ireland
The Irish business has performed exceptionally well during the half year to 30 June 2012, primarily as a result of significant growth in activity in the D2C market and strong activity by our whitelabel (B2B) clients in anticipation of the introduction by ComReg of its new code of practice on 5 June 2012. Irish sales of €3.735m for the half year were 46.3% ahead of H1 2011, while gross profit at €0.823m was 3% ahead of H1 2011.

The excellence of the performance of the Irish business during the first half of the year masks the fact that ComReg's new code of practice will have a deleterious impact on our D2C and B2B whitelabel business during the rest of 2012 and more particularly, in future years. However, the impact of the new code will be offset to some degree during H2 by the run-off of sales from our existing D2C subscriber base and by the introduction of new non-subscription services since the beginning of August.

UK
The UK business delivered an exceptional outcome during H1 2012. Sales for the six months were €4.179m representing an increase of 195.5% over the same period in 2011. This translated into a stellar outcome at gross profit level, with UK gross profit at €1.520m, 192.9% ahead of H1 2011. This business continues to perform well, however, it too could be adversely affected by the introduction in October of the new Pay For It (PFI) subscriber sign up system.

USA
In the US, the introduction of a new refund policy by Verizon in February which caused us to stop advertising to their client base, together with AT&T's recently announced requirement to recertify all services carried on their network will effectively eliminate our existing US business over time. However, it should be pointed out, that we continue to generate revenue (albeit at a diminishing rate) from the run-off of the Verizon and AT&T client base. Furthermore, we recently launched, on a trial basis, a new affiliate marketing offering in the US which operates on the T-Mobile and Sprint networks. It is too early to say with confidence how successful this initiative might be.

Other Territories

In our other market territories, where our footprint is relatively modest, our Spanish business has been emasculated by the introduction by the mobile network operators of a new certification and opt-in process for subscribers. In Australia, which we re-entered on a trial basis with a D2C offering in December 2011, we were forced to withdraw from the market because of the increasingly uncompetitive cost of advertising, exacerbated by the introduction of tighter regulatory controls.

*This year on year EBITDA increase is computed after adding back Newsworthie and restructuring costs to 2011 EBITDA

CEO's Statement *(continued)*

Financial Review

As detailed above, revenues, gross profit and EBITDA in H1 2012 are well ahead of H1 2011. This is due to the continuing strong performance of our new web and mobile marketing (D2C) service in the UK which we launched during the final quarter of last year, and, to a strong performance during the first half in our Irish D2C and D2B (whitelabel) operations. Furthermore, the Group's continued emphasis on cost efficiency was also a significant contributor to the strong operating performance during the first half of 2012.

The future financial viability of the Irish business is, however, clouded by the full introduction on 30 July last of ComReg's new code of practice which will emasculate both our D2C and B2B (whitelabel) business. zamano together with its co-plaintiffs, Modeva and The Irish Phone Paid Services Association obtained a High Court stay on certain provisions of the new code on 2 June 2012, but this was lifted on 25 July 2012, effective from 30 July 2012.

As a result, the full provisions of the new code of practice now apply to the Group's premium rate SMS business in Ireland. Even though we will benefit in revenue terms from the run-off of the subscriber base during the second half of 2012, our D2C and whitelabel (B2B) business in Ireland will be severely impacted in 2013 and beyond. In the meantime, zamano continues to explore new business opportunities in the Irish market including the introduction of a number of non-subscription or once-off subscription services.

While the UK business is currently performing well, there is a possible financial cloud on the horizon in the form of a new subscriber sign up system called Pay For It (PFI) which is being promoted by O2 and may be taken up by the other UK mobile network operators. In spite of this, the Group anticipates that the UK will still achieve a good financial outturn in the second half of 2012.

In relation to the Groups debt position, gross debt decreased from €4.541m to €4.255m during the period, while cash reserves at 30 June 2012 were €1.177m (31 December 2011, €0.160m). The Company continues to make capital and interest payments in line with its banking agreements.

Outlook

The first half of 2012 has seen the Group build on the progress made during the last quarter of 2011 particularly in the area of web and mobile services. While the introduction by ComReg of its new code of practice will severely impact our Irish D2C and B2B (whitelabel) business, our development opportunities team continue to explore, identify and develop new products and territories where we can deploy our core competencies in the areas of web and mobile marketing. In this regard, we expect to launch services in two new territories before the end of the year.

The board and management while fully conscious of the many commercial and regulatory challenges confronting the Group, expect to build on the performance achieved during the first half of the year and anticipates a strong trading outcome for the year to 31 December 2012.

Pat Landy

Chief Executive Officer 26 September 2012

zamano plc and subsidiaries

Unaudited condensed consolidated income statement
for the half-year ended 30 June 2012

	Notes	**Half-year ended 30 June 2012 €'000**	Half-year ended 30 June 2011 €'000
Revenue	5	**9,463**	6,239
Cost of sales		**(6,715)**	(4,430)
Gross profit - continuing activities		**2,748**	1,809
Other administrative expenses		**(1,454)**	(1,818)
Depreciation		**(25)**	(56)
Amortisation of intangible assets		**(181)**	(328)
Total administrative expenses		**(1,660)**	(2,202)
Operating profit/ (loss)		**1,088**	(393)
Finance income		**-**	5
Finance expense		**(142)**	(142)
Profit/(loss) before tax		**946**	(530)
Income tax expense	6	**(9)**	-
Profit/(loss) for the period - all attributable to owners of the company		**937**	(530)

Earnings/(loss) per share

- basic	*7*	**€0.010**	(€0.006)
- diluted	*7*	**€0.010**	(€0.006)

zamano plc and subsidiaries

Unaudited condensed consolidated statement of comprehensive income
for the half-year ended 30 June 2012

	Half-year ended 30 June 2012 €'000	Half-year ended 30 June 2011 €'000
Profit/(loss) for the period		
- all attributable to owners of the company	**937**	(530)
Other comprehensive income:		
Foreign currency translation adjustment	**4**	11
Total comprehensive income/ (loss)- all attributable to owners of the company	**941**	(519)

zamano plc and subsidiaries

Unaudited condensed consolidated balance sheet
at 30 June 2012

		30 June 2012	31 December 2011	30 June 2011
Assets	*Notes*	**€'000**	€'000	€'000
Non-current assets				
Property, plant and equipment		**53**	57	72
Intangible assets		**6,416**	6,447	6,567
Deferred tax asset		**69**	69	69
		6,538	6,573	6,708
Current assets				
Trade and other receivables		**3,045**	4,200	2,091
Cash and cash equivalents		**1,177**	160	1,396
Income tax recoverable		**-**	-	29
		4,222	4,360	3,516
Total assets		**10,760**	10,933	10,224
Equity				
Share capital		**96**	96	96
Share premium		**13,442**	13,442	13,442
Capital conversion reserve		**1**	1	1
Foreign currency translation reserve		**(60)**	(64)	(54)
Share-based payment reserve		**3**	3	528
Retained earnings		**(10,516)**	(11,453)	(11,901)
Total equity		**2,966**	2,025	2,112
Liabilities				
Non-current liabilities				
Loans and borrowings		**3,687**	3,973	3,824
		3,687	3,973	3,824
Current liabilities				
Trade and other payables		**3,521**	4,358	3,371
Loans and borrowings		**568**	568	850
Business combination accrual		**-**	-	67

Current tax liabilities	**18**	9	-
	4,107	4,935	4,288
Total liabilities	**7,794**	8,908	8,112
Total equity and liabilities	**10,760**	10,933	10,224

zamano plc and subsidiaries

Unaudited condensed consolidated cash flow statement

for the half-year ended 30 June 2011

	Half-year ended 30 June 2012 €'000	Half-Year ended 30 June 2011 €'000
Cash flows from operating activities		
Profit/(loss) before tax	**946**	(530)
Adjustments to reconcile profit/ (loss) before tax for the period to net cash inflow from operating activities		
Depreciation	**25**	56
Amortisation of intangible assets	**181**	328
		-
Share-based payments expense	**-**	11
Foreign exchange	**4**	12
Decrease in trade and other receivables	**1,155**	7
Decrease in trade and other payables	**(837)**	226
Finance income	**-**	(5)
Finance expense	**142**	142
Cash generated from operations	**1,616**	247
Interest paid	**(71)**	(19)
Net cash inflow from operating activities	**1,545**	228
Cash flows from investing activities		
Payment of deferred consideration on acquisition of subsidiaries	**-**	(200)
Purchase of property, plant and equipment	**(21)**	(20)
Purchase of intangible assets and capitalisation of internally generated intangible assets	**(150)**	(184)

Interest received	**-**	4
Net cash outflow from investing activities	**(171)**	(400)
Cash flows from financing activities		
Repayment of debt	**(357)**	(1,156)
Net cash outflow from financing activities	**(357)**	(1,156)
Net increase/(decrease) in cash and cash equivalents	**1,017**	(1,328)
Cash and cash equivalents at 1 January	**160**	2,724
Cash and cash equivalents at 30 June	**1,177**	1,396

zamano plc and subsidiaries

Notes to the half-yearly condensed consolidated financial statements (unaudited)

1 Reporting entity

zamano plc is a limited company incorporated and domiciled in Ireland with shares publicly traded on the Alternative Investment Market (AIM) in London and the Enterprise Securities Market (ESM) in Dublin.

The half-yearly condensed consolidated preliminary financial information of zamano plc as at and for the six months ended 30 June 2012 consists of the results and financial position of the company and its subsidiaries together referred to as "the Group." The principal activities of the Group are the provision of mobile data services and technology.

2 Statement of compliance

The half-yearly condensed consolidated preliminary financial information presented herein does not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published financial statements of the Group. The comparative figures included for the year ended 31 December 2011 do not constitute statutory financial statements of the Group within the meaning of the European Communities (Companies: Group Accounts) Regulations 1992. The consolidated financial statements for the year ended 31 December 2011 are available at www.zamano.com. The auditor's report on those financial statements was unqualified.

The half-yearly financial statements were approved by the Board on 26 September 2012 and are available at www.zamano.com.

3 Significant accounting policies - basis of preparation

The condensed consolidated preliminary financial information, included in the preliminary financial results announcement, which should be read in conjunction with the 2011 Annual Report, has been derived from the half-yearly unaudited financial statements for the 6 months ended 30 June 2012, which have been prepared in accordance with the accounting policies set out in the Group's 31 December 2011 published consolidated financial statements, which were prepared in accordance International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

4 Estimates

The preparation of the condensed consolidated preliminary financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the preliminary financial information, the significant judgements made by management and the key sources of estimation uncertainty were the same as disclosed in note 4 to the most recently published annual consolidated financial statements. The most subjective judgement relating to these interim financial statements relates to the valuation of goodwill on a previous business combination. Details related to our key assumptions in this regard are set out in note 16 to the most recently published annual consolidated financial statements.

Notes *(continued)*

5 Segment information

The Group has two reportable segments which are defined as follows: the Group facilitates communication and interaction between companies and consumers on mobile phones through a range of value-added mobile applications (B2B). The Group also develops, promotes and distributes mobile content and interactive services directly to consumers (D2C).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results as included in the reports that are reviewed by the Group's Chief Operating Decision Maker (or 'CODM')

The Group's operations are not significantly impacted by seasonal fluctuations.

Half -year ended 30 June 2012	**B2B**	**D2C**	**Total**
	€'000	**€'000**	**€'000**
Revenue from external customers			
Ireland	**2,026**	**1,709**	**3,735**
UK	**110**	**4,069**	**4,179**
USA	**-**	**1,232**	**1,232**
Australia	**-**	**79**	**79**
Spain	**-**	**226**	**226**
South Africa	**-**	**12**	**12**
Total revenue	**2,136**	**7,327**	**9,463**
Segment results	**434**	**1,601**	**2,035**
Unallocated expenses [1]			**(947)**
Operating profit			**1,088**
Net finance expense			**(142)**
Profit before tax			**946**
Income tax			**(9)**
Profit for the period			**937**

(1) Unallocated expenses relate to central overheads such as rent, administration, salaries and other office overhead costs which are not allocated to individual reportable segments.

zamano plc and subsidiaries

Notes *(continued)*

5 Segment information *(continued)*

Half-year ended 30 June 2011	**B2B €'000**	**D2C €'000**	**Total €'000**
Revenue from external customers			
Ireland	815	1,738	2,553
UK	254	1,160	1,414
USA	-	1,677	1,677
Australia	-	25	25
Spain	-	530	530
South Africa	-	40	40
Total revenue	1,069	5,170	6,239
Segment results	174	1,057	1,231
Unallocated expenses [1]			(1,624)
Operating loss			(393)
Net finance expense			(137)
Loss before tax			(530)
Income tax			-
Loss for the period			**(530)**

(1) Unallocated expenses relate to costs associated with the Newsworthie division and central overheads such as rent, administration, salaries and office overhead costs which are not allocated to individual reportable segments.

6 Income tax

The major components of the income tax expense in the half-yearly condensed consolidated income statement are:

	Half-year ended 30 June 2012	Half-year ended 30 June 2011
	€'000	€'000
Current tax		
Irish corporation tax	**9**	-
Income tax expense	**9**	-

7 Earnings per share

Basic earnings/ (loss) per share amounts are calculated by dividing net profit/ (loss) for the half-year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings/ (loss) per share amounts are calculated by dividing the net profit/ (loss) attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Half-year ended	Half-year ended

	30 June 2012	30 June 2011
Basic EPS	**€0.010**	(€0.006)
Diluted EPS	**€0.010**	(€0.006)

	Half-year ended 30 June 2012 €'000	Half-year ended 30 June 2011 €'000
Net profit/(loss) attributable to equity holders of the company	**937**	(530)

	Half-year ended 30 June 2012 000's	Half-year ended 30 June 2011 000's
Basic weighted average number of shares	**96,118**	96,118
Dilutive potential ordinary shares:		
Employee share options	**61**	852
Diluted weighted average number of shares	**96,179**	96,970

Notes *(continued)*

8 Adjusted earnings per share

The following reflects earnings per share based on adjusted net income:

	Half-year ended 30 June 2012 €'000	Half-year ended 30 June 2011 €'000
Adjusted basic EPS	**0.012**	0.001
Adjusted diluted EPS	**0.012**	0.001

Adjusted net income is calculated as:

	Half-year ended 30 June 2012 €'000	Half-year ended 30 June 2011 €'000
Profit/(loss) after tax	**937**	(530)
Share-based payments expense	**-**	11
Amortisation of intangible assets	**181**	328
Redundancy and restructuring costs	**30**	303
	1,148	112

Reconciliation of reported operating loss across business divisons to "core" earnings before interest, tax, depreciation amortisation and non-recurring charges (Core EBITDA). "Core EBITDA" includes results of the Everneo (D2C) and ZSL (B2B) divisions only. Costs associated with the Newsworthie division are excluded.

	Half-year ended 30 June 2012 €'000	Half-year ended 30 June 2011 €'000
Reported operating profit/(loss)	**1,088**	(393)
Depreciation	**25**	56
Share-based payment expense	**-**	11

Amortisation of intangible assets	**181**	328
Redundancy and restructuring costs	**30**	303
Newsworthie costs	**-**	287
	1,324	592

zamano plc and subsidiaries

Notes *(continued)*

9 Related party transactions

During the six months ended 30 June 2012 the group made payments totalling €442,750 (*six months ended 30 June 2011: €Nil*) to Mr Nick Furlong. Mr Furlong is a director of Pageant Holdings Limited ('Pageant') and his family are the beneficial owners of Pageant which in turn owns 27.79% of the issued ordinary share capital of zamano plc. The payments were in respect of a services agreement entered into by a subsidiary of the company, Zamano Solutions Limited and Mr Furlong. Under the terms of the agreement Mr Furlong can purchase advertising space through an independent advertising broker in respect of which Zamano Solutions Limited will manage the collection of any subscription revenues generated from the advertising spend on his behalf in return for a fee. Zamano Solutions Limited is required to re-imburse Mr Furlong the amount of advertising expenditure that he has incurred plus an additional return subject to the advertising spend generating sufficient revenue. As at 30 June 2012 amounts due to Mr Furlong under the terms of the agreement were €57,750 (*30 June 2011: €Nil*).

10 Subsequent events

Subsequent to the period end, the Commission for Communications Regulation ("ComReg), the regulator of premium text messaging services in the Republic of Ireland was able to fully introduce a new code of practice for premium rate services after a High Court stay on certain provisions of the code obtained on 2 June 2012 was lifted with effect from 30 July 2012. Further information on the potential impact of this is disclosed in the Chief Executive Officer's statement.