zamano
COMPELLING MOBILE INTERACTION™

Annual Report

ZAMANO PLC & SUBSIDIARIES
DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2006

2006

zamano is a leading provider of mobile services in the UK, Ireland and Australia. We enable business partners to deliver mobile content and interactivity via 3G video services, SMS, MMS, WAP and IVR.

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HIGHLIGHTS OF THE YEAR

	2006 €'000	2005 €'000	% change
Turnover	**13,357**	9,694	+38%
EBITDA *	**2,498**	1,631	+53%
Profit before tax	**2,241**	1,307	+71%
Profit after tax	**1,997**	1,276	+57%
Earnings per share			
– Basic	**3.8c**	2.6c	+46%
– Diluted	**3.5c**	2.4c	+46%

* Before charge of €55,747 (2005: €26,686) relating to options costs

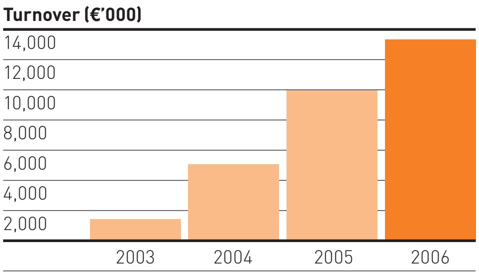
ZAMANO PERFORMED STRONGLY IN 2006 TO DELIVER ITS 4TH SUCCESSIVE YEAR OF SIGNIFICANT GROWTH

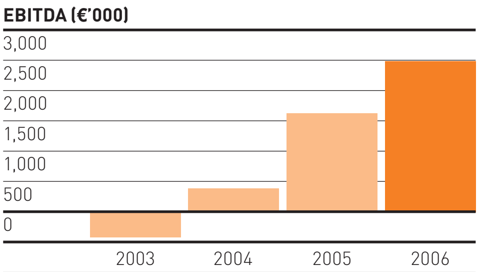
PROFIT AFTER TAX INCREASED BY 57% TO €1.997M REFLECTING EFFICIENCY IMPROVEMENTS AND TRAFFIC GROWTH FOLLOWING INVESTMENT IN ZAMANO'S PLATFORM AND APPLICATION SUITE

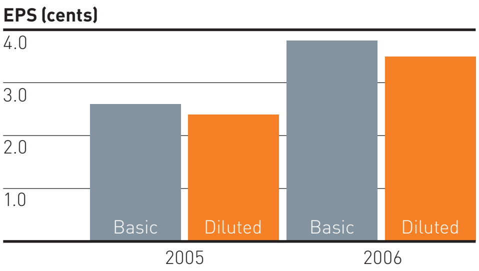
REVENUES INCREASED BY 38% WITH EBITDA UP BY 53% WHILE EPS OF 3.8C WAS UP 46%

INDUSTRY LEADING PROFIT MARGINS

IN EARLY 2007 ZAMANO:
- FLOATED ON IEX
- ACQUIRED EIRBORNE
- APPOINTED A HIGHLY EXPERIENCED FD







ZAMANO IN DETAIL

zamano is a leading provider of mobile services in the UK, Ireland and Australia. We enable business partners to deliver mobile content and interactivity via 3G, SMS, MMS, WAP and IVR.

Our offering is based upon a highly scalable and robust messaging platform, connections into all UK, Irish and Australian operators, a range of highly interactive mobile applications and very powerful reporting tools.

Our customers can choose to use our platform purely as a gateway, or alternatively avail themselves of our managed services across a suite of mobile applications and content.

COMPANY HISTORY / FROM FOUNDATION TO FLOTATION AND BEYOND

2000
Founded and Incorporated. Focus: Business opportunities around emerging "mobile internet". Total number of employees: 10. Commenced investment in applications for Mobile Network Operators.

2001
Total number of employees: 14. First deals with Network Operators in Ireland. Deals with Network Operators in UK and Netherlands. "Group-text" application sold to O2 Ireland.

2002
zamano breaks even. Merged with M-iSphere. Funding sourced from Powerscourt. Acquisition of Avoca so as to offer value added services in the UK.

2003
Revised business plan to reflect managed service approach. Additional funding. 200% growth in revenues.

PRODUCTS

3G Video Platform
Our new video streaming platform works together seamlessly with our existing mobile products like Chat, Dating and WAP solutions.

Chat and Tarot
Our Fully Managed Multi-Media Premium SMS Chat and Tarot service.

WAP Publisher
WAP Publisher enables mobile content providers to develop and publish their own off-portal WAP sites with only a few clicks.

Aggregation
Enables service providers to access UK, Australian and Irish mobile subscribers using zamano's platform and connectivity.

Broadcaster
Broadcaster is a web-based application, allowing customers to broadcast text messages onto any mobile phone worldwide.

HelpText
HelpText is a complementary solution for phone support and call centres where one customer service agent can simultaneously correspond with up to 15 customers using text messaging.

User Generated Content Portals
zBlog allows users to upload content and receive payment when their videos are down-loaded to other users' handsets.

SOLUTIONS

Personalisation
Handsets, particularly among the young, are seen as an extension of self. A large global market has developed around allowing mobile phone users to personalise the devices, thereby extending and portraying their own characters through association with favoured music and particular icons and themes. zamano provides the right tools and products to enable customers to download ringtones and wallpapers, download full track music, and upload and download mobile videos.

Interactivity
Mobile phones provide people with the ability to interact spontaneously with others in a number of novel ways. This includes mass audience interaction through TV voting and comment lines, chat and dating services, as well as the ability to interact and win prizes in response to promotions across the media. zamano provides a whole range of compelling mobile applications like Mobile Video Chat and Dating, Tarot, HelpText and powerful subscription tools.

Purchasing
With the ever-increasing computing power and memory in mobile phones, together with large improvements in bandwidth availability, handsets are now becoming a more important means of purchasing, downloading and storing digital content. Music and video content are the prime drivers of the growth in this sector of the market. zamano provides applications to create portal WAP sites within minutes, allowing partners to promote content sales, deliver it and extract payment.

OPERATOR CONNECTIONS

UK
3 Mobile
O2
Orange
T-Mobile
Virgin
Vodafone

Ireland
3 Mobile
Meteor
O2
Vodafone

Australia
Optus
Telstra
Three
Virgin
Vodafone

2004
Acquisition of mobile content provider Enabletel. zamano becomes profitable.

2005
Total number of employees: 23. 781% growth rate since 2003. Strong profitability.

2006
Expansion into the Australian market. Total number of employees: 30. Flotation on the Alternative Investment Market (AIM) in London.

2007
IEX flotation. Acquisition of Eirborne. Appointment of new Finance Director, Cormac Ó Tighearnaigh. Total number of employees: 36.

CHAIRMAN'S STATEMENT
ROD MATTHEWS

The company has delivered revenue and profit growth ahead of market expectations and took a significant step by successfully raising money and listing on the London AIM market and on IEX in Dublin.

I am delighted to report on a very exciting year for zamano. The company has delivered revenue and profit growth ahead of market expectations and took a significant step by successfully raising money and listing on the London AIM market and on IEX in Dublin.

When we listed, we sought new finance to support our strategy in three key areas:

- Support for merger and acquisition activity as the consolidation in the market continues
- Identification of appropriate new geographic markets and controlled entry
- Development of our technology platform to support new technologies and services

Progress continues on all these fronts.

During the listing process, we also reported on the strengthening of our Board through the appointment of Colin Tucker and Mike Watson who are recognised heavyweights in the sector and I am pleased to report that they are already contributing significantly to the Board and the company.

	2006 €'000	2005 €'000	% change
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Trading in 2007 has been good in the first months, with a strong pipeline of growth in our B2B businesses in the UK and Ireland, and we look to the remainder of the year with confidence.

Rod Matthews
Non-executive Chairman

Highlight:
zamano ranked 5th in Deloitte Technology Fast 50

zamano announced that it ranked Number 5 in the 2006 Deloitte Technology Fast 50, a ranking of the 50 fastest growing technology companies in Ireland. Rankings are based on average percentage revenue growth over five years. zamano grew 1570% during this period.

MANAGING DIRECTOR'S STATEMENT
JOHN O' SHEA

The strategy of the company is to maintain the hybrid nature of the business by investing in organic and inorganic growth opportunities in both the B2B and B2C areas.

I am pleased that our first set of results delivered after our successful AIM and IEX flotations are ahead of market expectations. Our continued investment in our platform and application suite has led to significant efficiency improvements and facilitated further traffic growth, thereby delivering the 53% EBITDA increment on 2005.

FINANCIAL PERFORMANCE

zamano operates a hybrid business model within the Mobile Data Services market space. The B2B business units serve business customers and brands wishing to interact and sell mobile services to mobile phone users. The B2C business unit operates a brand, Mobile X, and sells directly to phone owners. Different margin structures apply to each business unit.

The strategy of the company is to maintain the hybrid nature of the business by investing in organic and inorganic growth opportunities in both the B2B and B2C areas. This enables zamano to maximise the benefits from economies of scale and to spread investment costs over a wider revenue base.

The Board was particularly pleased with the resulting profit margins, setting zamano amongst the market leaders in terms of the ratio of profit to revenues. The EBITDA/Revenue ratio increased from 16.8% in 2005 to 18.7% in 2006.

Having raised €4.9M after costs in the AIM flotation in October 2006, zamano's cash balance was strengthened considerably to €7.5M at year end. Net cash inflow from operating activities amounted to €2.3M, and after completing payments for the purchase of a subsidiary, Enabletel, the overall increase in cash amounted to over €6.8M.

OPERATIONAL PERFORMANCE

During 2006, the company continued to invest in platform and application development, and increased the number of people employed in development, platform, application and technical customer support.

Significant improvements in traffic throughput were achieved, and the platform was successfully moved to a new managed hosting centre with increased bandwidth and redundancy.

The company has migrated many services from SMS to WAP, thereby offering end users more choice in content purchasing and a richer multi-media experience.

A video platform was acquired and successfully integrated with the existing billing and content delivery platforms, positioning zamano to benefit from increasing 3G-based interactive video services.

Successful growth in B2B sales in the UK resulted from an increase in the London-based sales team. UK sales made up 40% of the company's revenues. The Board expects this percentage to increase in 2007.

A trial launch of the Mobile X brand in Australia proved successful, and the company now has a franchise operation operating in Melbourne and delivering monthly profits.

zamano has invested significant efforts into the regulation of its customer base to ensure compliance with industry standards. Strict guidelines have been put in place for new customers connecting to the platform, and the customer services team invests considerable time in overseeing service providers' applications to the UK and Irish regulators of the industry for service approvals.

The management team was expanded in 2006 with the recruitment of a new manager to the B2C business unit, while the appointment of a new Finance Director is expected to be completed in Q2 2007.

OUTLOOK

2007 has started well for the company, with the business performing in line with expectations. The company has not been impacted by the review of Premium Rate services undertaken by ITV.

Technology investment is focused on improving the user experience of buyers of mobile content and interactive services, in line with improved device functionality and greater bandwidth. zamano's WAP offering will soon extend to payment processing, and will aid further confluence between fixed line and mobile internet offerings.

The Board is confident that zamano will continue to make progress in delivering on our strategic intentions in 2007.

John O' Shea
Managing Director

Highlight: Lucky 13th at the Media Momentum Awards

With the second appearance at the Media Momentum Awards in London, zamano managed to outrank all of its direct competitors and ranked 13th out of hundreds of companies.

The Media Momentum Awards honour each year the fastest growing media companies in the UK and celebrate the achievements of those companies that are shaping the UK's media industry. zamano's overall performance at the awards reflects the exceptional average growth rate of 577% between the fiscal years 2003 and 2005.

The awards were selected by a high profile judging panel from a list published by GP Bullhound, Barclays, Olswang and its partners, who are committed to the UK media industry. To qualify for the annual Media Momentum Awards companies must be headquartered in the UK or Ireland and must have had a yearly turnover of at least £500,000 in 2005. All companies will then be ranked by their annual revenue growth rate between the corresponding financial years.

BOARD OF DIRECTORS






Rod Matthews – Non-executive Chairman
Rod is currently the Chairman of UK-listed company, Keycom plc. Rod was previously Chief Executive of Scottish Telecom and successfully grew it within 4 years from a start up operation to deliver revenues in excess of GBP £200m per annum. He was also engineering director of CEGB.

John O' Shea – Managing Director
John joined zamano in 2002, having sold a web start-up in 2000 for €10m. An electronics engineer, John spent 11 years with large telecoms companies Siemens, Rohde & Schwarz, and AT&T in Germany, the USA and Ireland.

Colin Tucker – Non-executive Director
Up until April 2007, Colin was Deputy Chairman of Hutchison 3G Europe. He was a founding director of Orange, and ran Hutchison UK (subsequently under the brand 3). He is a non-executive director of FTSE listed technology integrator Morse plc and was appointed a Director of the Company in September 2006.

Michael Watson – Non-executive Director
Michael ("Mike") was Director of Marketing and Technical Strategy for ICL/Fujitsu, Managing Director of BICC Technologies and more recently CEO of Tertio. He is a Non-executive director of AIM listed Spectrum Interactive plc, and previously Xitec plc and OSI Group plc. He became a Director of the Company in September 2006.

Niall McKeon – Non-executive Director
Niall is Managing Director of Deisecom Limited, a telecommunications solution provider. He qualified as a Chartered Accountant with Ernst & Young in 1996. Prior to founding Deisecom, he worked in senior roles with Alpha Telecom and First National Telecom. He has been a Director of zamano since June 2000.

Brendan Mullin – Non-executive Director
Brendan manages and owns Quantum Investment Capital, a Private/Public Equity investment firm that has significant assets under management. He has worked in financial services for fifteen years, specifically in senior roles in stockbroking, investment banking, and Private Equity disciplines in leading Irish and International institutions.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and consolidated financial statements for the year ended 31 December 2006.

CHANGE OF NAME AND ADMISSION TO AIM

On 26 September 2006 the company changed its name from zamano Holdings Limited to zamano plc, having re-registered as a public limited company.

On 31 October 2006 shares in zamano plc were admitted to the Alternative Investment Market (AIM) of the London Stock Exchange.

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The company is a holding company. Subsidiary undertakings are involved in the provision of mobile data services and technology.

In line with expectations, the group's turnover increased during the year. This is attributable to strong underlying market growth in the UK and Ireland, as well as the expansion of zamano's direct to consumer offering.

As set out in Note 15 to the financial statements, the company's share capital was restructured in advance of being listed on AIM. In October 2006 the company raised €5.9m through the issue of 16.67m additional shares.

Principal risks and uncertainties and key performance indicators

Under Irish Company law (Statutory Instrument 116.2005 – European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the group and the company are required to give a description of the principal risks and uncertainties faced, as well as a listing of the key performance indicators used to monitor performance. The company is the holding company for the group, so the risks below apply to both the company and the group.

- The principal risks and uncertainties that the business faces include challenges from evolving technology and regulation. The directors are of the opinion that the group is well positioned to manage these risks and are confident of continued growth.
- The key performance indicators focused on by management are gross margin, traffic volume, subscriber numbers, platform uptime, message throughputs and earnings before interest tax and depreciation (EBITDA).

RESULTS FOR THE YEAR, DIVIDENDS AND STATE OF AFFAIRS

The profit and loss account and balance sheet for the year ended 31 December 2006 are set out on pages 14 to 30.

Group turnover increased by 38% to €13.357m and the group recorded a profit before tax of €2.241m compared to €1.307m in the previous year. The directors do not propose the payment of a dividend, therefore an amount of €1,997,074 is credited to reserves.

FUTURE DEVELOPMENTS

The continued growth of mobile data services worldwide presents a significant opportunity for the group. It is likely that the group will further expand the product and service offering and will also assess expansion to new territories. The company will also actively seek potential acquisition targets. The directors will continue to review the appropriateness of the company's structures and finances as it grows.

As an AIM listed group, the group is required to adopt International Financial Reporting Standards (IFRS) in preparing its financial statements for 2007. A transition plan is currently in progress. The first financial results prepared in accordance with IFRS will be for the six months ending 30 June 2007.

EVENTS SINCE THE BALANCE SHEET DATE

Since the balance sheet date the group has experienced continued growth in demand for mobile date services resulting in increased revenues.

The company's shares were listed on the Irish Enterprise Exchange (IEX) on 26 February 2007.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred. Development costs on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects. All other development costs are written off in the year of expenditure. Investment in research and development in the year was €417,313 (2005 – €299,527). This was primarily focused on the continued development of zamano's platform for mobile applications and content.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

CORPORATE GOVERNANCE STATEMENT
INTRODUCTION
The board of zamano plc is committed to achieving good standards of corporate governance, integrity and business ethics for all activities. Under AIM rules, the company is not required to comply with the Combined Code. Although the company is not obliged to comply with the provisions of the Combined Code it has taken on the recommendations of the Combined Code with regard to the Audit Committee and Remuneration Committee.

AUDIT COMMITTEE
The Audit Committee consists of the non-executive directors with Michael Watson as chairman. The committee will meet at least three times a year, linked to the timing of the publication of the group's results. The committee will also meet on an ad hoc basis when necessary. The external auditors may attend the meetings. The committee operates within specific terms of reference which include:

– considering the appointment of external auditors;
– reviewing the relationship with external auditors;
– reviewing the financial reporting and internal control procedures;
– reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors; and
– reviewing the consistency of accounting policies both on a year to year basis and across the group.

REMUNERATION COMMITTEE
The Remuneration Committee consists of the non-executive directors with Colin Tucker as chairman. The Remuneration Committee reviews and determines on behalf of the board and shareholders of the company the pay, benefits and other terms of service of the executive directors of the company and the broad pay strategy with respect to senior company employees.

DIRECTORS' REMUNERATION
The particulars of remuneration of the directors are as shown in Note 4.

DIRECTORS AND SECRETARY
The names of the persons who were directors at any time during the year ended 31 December 2006 are set out below. All the directors served throughout the year except where indicated.

Seán Mac Réamoinn (resigned 25 January 2007)
Rod A. Matthews
Niall McKeon
Brendan Mullin
John O'Shea
Colin Tucker (appointed 6 September 2006)
Michael Watson (appointed 6 September 2006)
Seán Mac Réamoinn and Niall McKeon retired by rotation in accordance with the Articles of Association, at the AGM on 24 October 2006 and were subsequently re-elected.

Aoife Warren was appointed secretary on 22 March 2007, in place of Seán Mac Réamoinn.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The interests of the directors in the share capital of the company are set out in Note 18 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group, and of the profit or loss of the group for that period. In preparing these 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;
- 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 books of account that disclose with reasonable accuracy at any time the financial position of the company and of the group, and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BOOKS OF ACCOUNT

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the company. The measures taken by the directors to ensure compliance with these obligations are the use of appropriate systems and the employment of competent personnel. The books and accounting records are maintained at the company's premises at 4 St. Catherine's Lane West, Digital Hub, Dublin 8.

AUDITORS:

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160 (2) of the Companies Act 1963.

On behalf of the Board

Mike Watson and John O'Shea
23 March 2007

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZAMANO PLC & SUBSIDIARIES

We have audited the group and parent company financial statements of zamano plc for the year ended 31 December 2006 which comprises the group profit and loss account, the group and company balance sheets, the group cash flow statement, and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

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 Acts, 1963 to 2006. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

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

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

OPINION

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the group and of the parent as at 31 December 2006 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the Chairman's Statement, the Managing Director's Statement and Directors' Report is consistent with the financial statements.

In our opinion, the company balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Ernst & Young
Registered Auditors,
Annaville House,
Newtown,
Waterford.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 €	2005 € Restated
Turnover – continuing operations	2	**13,357,291**	9,693,971
Cost of Sales		**(8,134,828)**	(6,246,125)
Gross Profit		**5,222,463**	3,447,846
Administrative expenses		**(3,040,485)**	(2,145,876)
Operating profit – continuing operations	4	**2,181,978**	1,301,970
Interest payable and similar charges	5	**(26,108)**	(3,388)
Interest receivable and similar income		**84,765**	8,246
Profit on ordinary activities before taxation		**2,240,635**	1,306,828
Tax on profit on ordinary activities	6	**(243,561)**	(30,977)
Profit for the financial year attributable to members of the parent company		**1,997,074**	1,275,851
Earnings per share	8		
– basic		**3.8c**	2.6c
– diluted		**3.5c**	2.4c

On behalf of the Board

Mike Watson and John O'Shea
23 March 2007

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 €	2005 € Restated
Profit for the financial year attributable to members of the parent company and total recognised gains and losses relating to the year	**1,997,074**	1,275,851
Prior year adjustment (as explained in Note 1)		
– Share-based payment costs	**(43,367)**	
– Reserve adjustment from share-based payments	**43,367**	
Total gains and losses recognised since last annual report	**1,997,074**	

RECONCILIATION OF SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 €	2005 € Restated
Total recognised gains and losses	**1,997,074**	1,275,851
Share issues net of issue costs	**4,879,379**	65,462
Reclassification from liability to equity	**906,956**	–
Reserve credit for share-based payment	**55,747**	26,686
Total movements during the year	**7,839,156**	1,367,999
Shareholders' funds at 1 January	**708,880**	(659,119)
Shareholders' funds at 31 December	**8,548,036**	708,880

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2006

Assets employed	Note	2006 €	2005 €
Fixed assets			
Intangible assets	9	**903,599**	1,112,122
Tangible assets	10	**164,917**	51,811
		1,068,516	1,163,933
Current assets			
Debtors	12	**2,773,515**	1,924,208
Cash at bank		**7,491,045**	683,119
		10,264,560	2,607,327
Creditors (amounts falling due within one year)	13	**(2,785,040)**	(2,155,424)
Net current assets		**7,479,520**	451,903
Total assets less current liabilities		**8,548,036**	1,615,836
Creditors (amounts falling due after more than one year)	14	**–**	(906,956)
		8,548,036	708,880
Capital and reserves			
Called up share capital	15	**67,838**	26,302
Share premium	16	**6,368,030**	623,231
Capital conversion reserve	16	**300**	300
Profit and loss account	16	**2,111,868**	59,047
Shareholders' funds	16	**8,548,036**	708,880

On behalf of the Board

Mike Watson and John O'Shea
23 March 2007

COMPANY BALANCE SHEET
AT 31 DECEMBER 2006

Assets employed		Note	2006 €	2005 €
Fixed assets				
Financial assets		11	**1,705,326**	1,705,326
Current assets				
Debtors	– within one year	12	**33,467**	65
	– after more than one year	12	**4,795,936**	489,697
Cash at bank			**640,056**	94
			5,469,459	489,856
Creditors (amounts falling due within one year)		13	**(1,042,935)**	(948,843)
Net current assets/(liabilities)			**4,426,524**	(458,987)
Total assets less current liabilities			**6,131,850**	1,246,339
Creditors (amounts falling due after more than one year)		14	**–**	(906,956)
			6,131,850	339,383
Capital and reserves				
Called up share capital		15	**67,838**	26,302
Share premium		16	**6,368,030**	623,231
Capital conversion reserve		16	**300**	300
Profit and loss account		16	**(304,318)**	(310,450)
Shareholders' funds		16	**6,131,850**	339,383

On behalf of the Board

Mike Watson and John O'Shea
23 March 2007

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 €	2005 €
Net cash inflow from operating activities	21	**2,313,229**	1,202,489
Returns on investments and servicing of finance			
Interest received		**84,765**	8,246
Interest paid		**(5,553)**	(3,172)
Interest element of finance lease rental payments		**–**	(216)
Net cash inflow from returns on investments and servicing of finance		**79,212**	4,858
Taxation			
Corporation tax paid		**(67,312)**	(32,617)
Capital expenditure and financial investment			
Deferred Consideration on purchase of subsidiary undertaking		**(251,808)**	(1,095,447)
Payments to acquire tangible fixed assets		**(164,774)**	(37,848)
		(416,582)	(1,133,295)
Net cash inflow before financing		**1,908,547**	41,435
Financing:			
Net proceeds from issue of additional share capital		**4,899,379**	65,462
Capital element of finance lease rental payments		**–**	(7,815)
		4,899,379	57,647
Increase in cash		**6,807,926**	99,082

Reconciliation of net cash flows to movements in net cash/(debt) (Note 22)

	Note	2006 €	2005 €
Increase in cash for the period		**6,807,926**	99,082
Cash outflow from movement in debt and lease financing		**–**	7,815
Share conversion	22	**906,956**	–
Movement in net cash/(debt) for the period		**7,714,882**	106,897
Net debt at 1 January	22	**(223,837)**	(330,734)
Net cash/(debt) at 31 December	22	**7,491,045**	(223,837)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation:

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable Irish accounting standards.

In preparing the financial statements for the current year, the group has adopted FRS 20 'Share-based Payment'. The adoption of FRS 20 has resulted in a change in the accounting policy for share-based payment transactions. FRS 20 requires the fair value of options and share awards which ultimately vest to be charged to the profit and loss account over the vesting or performance period. For equity-settled transactions fair value is determined at the date of the grant using an appropriate pricing model. If an award fails to vest as the result of certain types of performance condition not being satisfied, the charge to the income statement will be adjusted to reflect this.

Arising from the adoption of FRS 20 additional staff costs of €55,747 (2005 – €26,686) have been recognised in the profit and loss account.

Basis of consolidation:

The group financial statements consolidate the financial statements of zamano plc and all its subsidiary undertakings drawn up to 31 December 2006. No profit and loss account is presented for zamano plc, as permitted by Section 148(8) of the Companies Act, 1963 and Section 7 (1A) of the Companies (Amendment) Act, 1986.

Goodwill:

Positive goodwill arising on acquisition is capitalised and classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Revenue recognition:

Turnover represents the amount (excluding Value Added Tax) derived from the provision of services to customers. Revenue from the provision of mobile data services is recognised on the basis of receipted transactions with the ultimate end user. Fee-based income is recognised on delivery of the service to the customer.

Government grants:

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Research and development:

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Pension costs:

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred tax:

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred that will result in an obligation to pay more, or a right to pay less, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Depreciation:
Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Computer hardware, software and equipment – 3 years
Leased Equipment – 3 years
Fixtures and Fittings – 3 years
The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing and hire purchase commitments:
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the period of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Foreign currencies:
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Share-based payments – Equity-settled transactions
The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by the directors using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions). No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference if negative.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2. TURNOVER

By geographical market:	2006 €	2005 €
Europe	**13,252,783**	9,692,778
Rest of the World	**104,508**	1,193
	13,357,291	9,693,971

Turnover and profits are attributable to the provision of mobile data services. In the opinion of the directors, the activities fall into one class of business.

3. EMPLOYEES AND REMUNERATION

The average weekly number of employees during the year was 26 (year ended 31.12.05 – 20).

Staff costs comprise:	2006 €	2005 € Restated
Wages and salaries	**1,737,200**	1,140,316
Social welfare	**258,685**	79,727
Pension costs	**33,885**	15,938
Healthcare	**11,144**	8,235
Share-based payments cost	**55,747**	26,686
Employment grant received	**–**	(13,280)
	2,096,661	1,257,622

4. OPERATING PROFIT

This is arrived at after charging:	2006 €	2005 € Restated
Directors' remuneration	**377,453**	261,500
Depreciation	**51,668**	82,864
Amortisation of intangible fixed asset	**208,523**	219,858
Auditors' remuneration:		
– Audit services	**25,000**	23,000
– Other services	**7,045**	24,887

- In addition to the remuneration above, bonuses of €80,000 were paid to directors on admission to AIM. This amount is offset against the share premium account as part of the cost of raising new capital (see Note 16). The aggregate emoluments of the highest paid director amounted to €207,156.
- The auditors have also provided services in connection with the company's AIM listing for which they have been paid €157,765. This amount is offset against the share premium account as part of the cost of raising new share capital (see Note 16).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 €	2005 €
Bank interest and charges	**5,553**	3,172
Other interest and charges	**20,555**	–
Finance lease charges	**–**	216
	26,108	3,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 €	2005 € Restated
(a) Analysis of charge for the year:		
Current tax:		
Irish Corporation tax	**201,179**	30,977
Foreign tax	**34,349**	
Under provision in prior year	**8,033**	–
Current tax (Note 6 (b))	**243,561**	30,977

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the Republic of Ireland of 12½%. The differences are explained below:

	2006 €	2005 € Restated
Profit on ordinary activities before taxation	**2,240,635**	1,306,828
Profit on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12½%	**280,079**	163,353
Effects of:		
Items not deductible for tax	**37,149**	32,908
Depreciation in excess of capital allowances	**1,015**	4,915
Leasing	**–**	(977)
Passive income taxed at a higher rate	**7,099**	1,030
UK income taxed at a higher rate	**11,751**	–
Other timing differences	**–**	(4,196)
Utilisation of tax losses	**(101,565)**	(166,056)
Under provision in prior year	**8,033**	–
Current tax charge for year (Note 6 (a))	**243,561**	30,977

7. PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO GROUP SHAREHOLDERS

	2006 €	2005 €
Profit on ordinary activities after tax in the holding company amounted to	**6,132**	448

The company is availing of the exemption set out in Section 148 (8) of the Companies Act, 1963 and Section 7 (1A) of the Companies (Amendment) Act, 1963 from presenting its individual profit and loss account to the annual general meeting and from filing it with the Registrar of Companies.

8. EARNINGS PER ORDINARY SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year 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:

	2006 €	2005 € Restated
Net profit attributable to equity holders of the parent	**1,997,074**	1,275,851

	2006 '000s	2005 '000s
Basic weighted average number of shares	**52,933**	49,134
Dilutive potential ordinary shares:		
Employee share options	**4,829**	3,755
Diluted weighted average number of shares	**57,762**	52,889

9. INTANGIBLE FIXED ASSET

Group:	€
Cost	
At 1 January 2006 and at 31 December 2006	1,459,660
Amortisation	
At 1 January 2006	347,538
Charge	208,523
At 31 December 2006	556,061
Book value	
2006	903,599
2005	1,112,122

Goodwill arising on the acquisition of Enabletel Limited is being amortised over seven years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. TANGIBLE FIXED ASSETS

Group:	Computer Hardware, Software & Equipment €	Leased Equipment €	Fixtures & Fittings €	Total €
Cost:				
At 1 January 2006	297,594	80,188	37,534	415,316
Additions	140,330	–	24,444	164,774
At 31 December 2006	437,924	80,188	61,978	580,090
Depreciation:				
At 1 January 2006	245,783	80,188	37,534	363,505
Charge	49,021	–	2,647	51,668
At 31 December 2006	294,804	80,188	40,181	415,173
Net book value:				
At 31 December 2006	143,120	–	21,797	164,917
At 31 December 2005	51,811	–	–	51,811

11. FINANCIAL FIXED ASSETS

	2006 €	2005 €
Company:		
Shares at cost less amounts written off:		
Investments in group companies		
As at 1 January	**1,705,326**	1,586,309
Acquired in year	**–**	119,017
As at 31 December	**1,705,326**	1,705,326

The investments in group companies comprise:

- 3 ordinary shares in zamano Solutions Limited, comprising 100% of the issued share capital of that company. zamano Solutions Limited has its registered office at 4 St. Catherine's Lane West, Digital Hub, Dublin 8 and is engaged in the provision of mobile data value added services and technology.
- 1 ordinary share in zamano Limited comprising 100% of the issued share capital of that company. zamano Limited has its registered office at Bedford Chambers, Covent Garden, London, WC2E 8HA, United Kingdom and is engaged in the provision of mobile messaging and consultancy services.
- 100 Ordinary Shares in Enabletel Limited comprising 100% of the issued share capital of that company. Enabletel Limited has its registered office at 4 St. Catherine's Lane West, Digital Hub, Dublin 8 and is engaged in the purchase of media services on behalf of group companies
- 10,000 Ordinary Shares, 2,706 'A' Ordinary Shares, 13,733 Convertible Redeemable Preference Shares and 5,008 Convertible Redeemable 'A' Preference Shares in M-isphere Telecommunications Limited, comprising 100% of the issued share capital of that company. M-isphere Telecommunications Limited has its registered office at 4 St. Catherine's Lane West, Digital Hub, Dublin 8 and does not trade.

12. DEBTORS

	Group 2006 €	Group 2005 €	Company 2006 €	Company 2005 €
(Amounts falling due within one year)				
Trade debtors and prepayments	**2,773,515**	1,924,208	**33,467**	–
Corporation tax recoverable	**–**	–	**–**	65
	2,773,515	1,924,208	**33,467**	65
(Amounts falling due after more than one year)				
Amounts owed by group undertakings	**–**	–	**4,795,936**	489,697
	2,773,515	1,924,208	**4,829,403**	489,762

13. CREDITORS (amounts falling due within one year)

	Group 2006 €	Group 2005 €	Company 2006 €	Company 2005 €
Trade creditors and accruals	**1,927,534**	1,658,875	**30,556**	–
Deferred consideration	**–**	251,808	**–**	251,808
PAYE/PRSI	**136,476**	63,225	**–**	–
VAT	**531,972**	168,713	**–**	–
Corporation tax	**189,058**	12,803	**613**	–
Amounts owed to group undertaking	**–**	–	**1,011,766**	697,035
	2,785,040	2,155,424	**1,042,935**	948,843

14. CREDITORS (amounts falling due after more than one year)

	Group & Company 2006 €	Group & Company 2005 €
Series 'A' Convertible Redeemable Preferred Shares	**–**	906,956

As set out at Note 15, on 27 September 2006 the company converted 925,962 Series 'A' Convertible Redeemable Preferred Shares of €0.01 each, which had been issued at a premium of €897,696, to 925,962 Ordinary Shares of €0.01 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CALLED UP SHARE CAPITAL

	2006 €	2005 €
Authorised:		
Nil (2005 – 100,000,000) Ordinary Shares of €0.01 each	–	1,000,000
Nil (2005 – 115,000,000) 'A' Ordinary Shares of €0.01 each	–	1,150,000
Nil (2005 – 25,000,000) 'B' Ordinary Shares of €0.01 each	–	250,000
Nil (2005 – 120,000,000) Series 'A' Convertible Redeemable Preferred Shares of €0.01 each	–	1,200,000
3,600,000,000 (2005 – Nil) Ordinary Shares of €0.001 each	3,600,000	–
	3,600,000	3,600,000
Issued and fully paid:		
Nil (2005 – 2,062,909) Ordinary Shares of €0.01 each	–	20,629
Nil (2005 – 377,445) 'A' Ordinary Shares of €0.01 each	–	3,774
Nil (2005 – 189,875) 'B' Ordinary Shares of €0.01 each	–	1,899
67,838,332 (2005 – Nil) Ordinary Shares of €0.001 each	67,838	–
	67,838	26,302

On 27 September 2006 the company:
- Converted the following authorised and issued share capital to Ordinary Shares of €0.01 each.

	Authorised Shares	Shares in issue
'A' Ordinary Shares of €0.01 each	115,000,000	377,445
'B' Ordinary Shares of €0.01 each	25,000,000	189,875
Series 'A' Convertible Redeemable Shares of €0.01 each	120,000,000	925,962

- Issued 98,928 Ordinary Shares of €0.01 for cash at par, proceeds €989.
- Subdivided its entire authorised and issued share capital into shares of €0.001 each.
- Issued 14,620,476 Ordinary Shares of €0.001 each by capitalisation of €14,620 standing to credit of Share Premium Account.

Between 27 and 31 October 2006 the company issued 16,666,666 Ordinary Shares of €0.001 each for cash at a premium of €5,903,341. The total proceeds amounted to €5,920,997. AIM listing costs amounted to €1,041,618 leaving additional funds of €4,879,379 to fund the future development of the group including acquisitions. The AIM listing costs are offset against Share Premium (Note 16).

16. RESERVES

Group	Share Capital €	Share Premium €	Capital Conversion Reserve €	Profit and Loss Account €	Total Shareholders' Funds €
At 1 January 2006	26,302	623,231	300	59,047	708,880
Shares issued	17,656	5,903,341	–	–	5,920,997
Profit for the year	–	–	–	1,997,074	1,997,074
Capitalisation issue	14,620	(14,620)	–	–	–
Series 'A' Convertible Redeemable Preferred Shares converted to Ordinary Shares	9,260	897,696	–	–	906,956
Costs associated with listing on AIM	–	(1,041,618)	–	–	(1,041,618)
Share-based payments	–	–	–	55,747	55,747
At 31 December 2006	67,838	6,368,030	300	2,111,868	8,548,036

Company	Share Capital €	Share Premium €	Capital Conversion Reserve €	Profit and Loss Account €	Total Shareholders' Funds €
At 1 January 2006	26,302	623,231	300	(310,450)	339,383
Shares issued	17,656	5,903,341	–	–	5,920,997
Profit for the year	–	–	–	6,132	6,132
Capitalisation issue	14,620	(14,620)	–	–	–
Series 'A' Convertible Redeemable Preferred Shares converted to Ordinary Shares	9,260	897,696	–	–	906,956
Costs associated with listing on AIM	–	(1,041,618)	–	–	(1,041,618)
At 31 December 2006	67,838	6,368,030	300	(304,318)	6,131,850

17. PROFIT/(LOSS) CARRIED FORWARD

	2006 €	2005 €
Retained by:		
The company	(304,318)	(310,450)
Subsidiaries	2,416,186	369,497
At end of period	2,111,868	59,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. INTERESTS OF THE DIRECTORS AND SECRETARY IN THE SHARE CAPITAL OF THE COMPANY AND GROUP

The interests of the directors in the issued share capital of the company and group at the beginning and end of the year were as follows:

	At 31.12.06	At 01.01.06	
	Ordinary Shares	'A' Ordinary Shares	'B' Ordinary Shares
Seán Mac Réamoinn	**6,140,750**	438,625	18,750
Niall McKeon	**3,444,000**	246,000	18,750
John O'Shea	**1,540,000**	99,375	–
Rod A. Matthews	**3,315,328**	–	75,125
Colin Tucker	**83,333**	–	–
Michael Watson	**8,333**	–	–

Brendan Mullin was a director of Powerscourt Nominees Limited at 31 December 2006. The interests of Powerscourt Nominees Limited in the share capital of the company at the beginning and end of the year were as follows:

	At 31.12.06	At 01.01.06		
	Ordinary Shares	Ordinary Shares	'A' Ordinary Shares	Series 'A' Convertible Redeemable Preferred Shares
	10,547,085	192,305	266,070	690,369

Directors held options to subscribe for ordinary shares in the company as follows:

	At 31.12.06		At 01.01.06	
	Shares	**Exercise Price**	Shares	Exercise Price
Seán Mac Réamoinn	672,000	€0.001 & €0.134	252,000	€0.001
John O'Shea	1,302,000	€0.001 & €0.134	882,000	€0.001
Rod A Matthews	630,000	€0.134	1,384,992	€0.001
Colin Tucker	350,000	€0.355	–	–
Michael Watson	350,000	€0.355	–	–
Brendan Mullin	350,000	€0.355	–	–

During the year Rod Matthews exercised options on 1,384,992 Ordinary Shares for a total consideration of €989.

At 31 December, Aoife Warren, who was appointed Company Secretary on 22 March 2007, held 14,000 ordinary shares and options to subscribe for 109,200 ordinary shares, exercisable at €0.001 and €0.134.

19. SHARE-BASED PAYMENTS

Share Option Plan

The board may offer to grant share options to any director, employee or consultant of the group. As set out below, the exercise price for a number of the options granted was €0.001. For more recently granted options the exercise price was the estimated market price at the time of granting or the actual market price following listing.

The following rules apply:

- Options cannot be exercised within a year of granting or more than seven years after granting
- Options granted to Executive Directors and employees vest over a period of three years
- Options granted to Non-executive Directors vest three years after the date of admission to AIM, except for Rod Matthews, whose options vest over a period of three years
- Options cannot be exercised after a grantee ceases to be employed in the group

The following table sets out the number of, and movements in, share options during the year and the price per share at which options are exercisable.

	2006 Shares		2005 Shares	
Outstanding at 1 January (see Note (i) below)	4,303,992		3,701,992	
Granted during the year	3,176,600		602,000	
Exercised during the year	(1,384,992)		–	
Lapsed on resignation	(210,000)		–	
Outstanding at 31 December	5,885,600		4,303,992	
		Price		Price
	2,709,000	€0.001	4,303,992	€0.001
	2,126,600	€0.134	–	
	1,050,000	€0.355	–	
	5,885,600		4,303,992	
Exercisable at 31 December	1,675,333		1,223,997	
Weighted Average Exercise Price	€0.112		€0.001	
Weighted Average Remaining Life	5.79 years		5.64 years	

Note: (i) The number of shares and the exercise price for 2005 is adjusted to reflect the conversion and subdivision of the share capital which occurred in 2006 as set out at Note 15.
(ii) Since the balance sheet date the holders of 849,800 share options of which 247,333 were exercisable at 31 December 2006 have resigned from the group.

The fair value of equity-settled options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. Set out below are the inputs to the model.

	2006	2005
Dividend yield	0%	0%
Expected share price volatility	30%	30%
Risk free interest rate	3%	3%
Expected life of options (years)	7	7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. TRANSACTIONS WITH RELATED PARTIES

Included in revenue are service fees of €9,974 (2005: €nil) charged to Deisecom Limited, a company owned by Niall McKeon who is a director of the company.

Included in administrative expenses are consultancy fees of €37,500 (2005: €70,000) charged by Rod Matthews, a director of the company.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 **€**	2005 €
Operating profit	2,181,978	1,301,970
Depreciation of tangible fixed assets	51,668	82,864
Amortisation of goodwill	208,523	219,858
Share-based payments cost	55,747	26,686
Increase in debtors	(849,307)	(929,776)
Increase in creditors	664,620	500,887
Net cash inflow from operating activities	2,313,229	1,202,489

22. ANALYSIS OF NET CASH/(DEBT)

	At 1 Jan 2006 €	Cash Flow €	Share Conversion €	At 31 Dec 2006 €
Cash at bank and in hand	683,119	6,807,926	–	7,491,045
Series 'A' Convertible Redeemable Preferred Shares (Note 14)	(906,956)	–	906,956	–
Net (debt)/cash	(223,837)	6,807,926	906,956	7,491,045

As stated at Notes 14 and 15 the company's 925,962 Series 'A' Convertible Redeemable Preferred Shares which were included in Creditors (amounts falling due after more than one year) at 31 December 2005 in accordance with FRS 25, were converted to Ordinary Shares during the year and consequently are included in equity at 31 December 2006.

23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 March 2007.

BUSINESS AT ANNUAL GENERAL MEETING TO BE HELD ON MONDAY 18 JUNE 2007

ORDINARY BUSINESS

Resolution 1 – Financial statements

The Directors' Report and Financial Statements for the year ended 31 December 2006 accompany this notice of meeting.

Resolutions 2 and 3 – Directors

The Board recommends the election of each of John O'Shea and Brendan Mullin, retiring by rotation. Further information about Mr O'Shea and Mr Mullin is given on page 8.

Resolutions 4 and 5 – Auditors' reappointment and remuneration

The resolutions relating to auditors' reappointment and remuneration are usual business for the Annual General Meeting.

SPECIAL BUSINESS

Resolution 6 – Allotment authority

This is an Ordinary Resolution authorising the directors to allot relevant securities up to one third of the issued share capital. This authority will expire at the conclusion of the next Annual General Meeting following this meeting or on 18 September 2008, whichever is the earlier.

Resolution 7 – Dis-application of pre-emption rights

This is a Special Resolution authorising the directors to issue equity securities (a) in connection with any offer of securities by way of rights, open offer of securities or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company and (b) for cash on a non pre-emptive basis up to an aggregate nominal value equal to 10% of the authorised share capital of the Company from time to time. This will allow the Board to allot shares from time to time as it deems appropriate without recourse to the shareholders so that it can move quickly to conclude transactions and take advantage of any improved share prices. This authority will expire at the conclusion of the next Annual General Meeting following this meeting or on 18 September 2008, whichever is the earlier.

ANNUAL GENERAL MEETING

A Form of Proxy for use at the Meeting is enclosed. Please complete and sign the Form of Proxy and return it to the Company so as to arrive no later than 48 hours before the time fixed for the Meeting.

The return of the Form of Proxy will not, however, prevent you from attending the Meeting and voting in person should you wish to do so.

RECOMMENDATION

The Board consider that each of the Resolutions is in the best interests of the Company and they unanimously recommend to Shareholders that they should vote in favour of each of them, as the directors intend to do in respect of their beneficial shareholdings (save where they are restricted from voting in respect of their own re-appointment), which together amount to 18,938,079 ordinary shares comprising 27% of the issued ordinary share capital of the Company.

ZAMANO PLC – NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of zamano plc will be held at 4.00 pm on 18 June 2007 at The Four Seasons Hotel, Simmonscourt Road, Dublin 4 to consider and, if thought fit, pass the following Resolutions of which 1 to 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution.

1. To receive and adopt the financial statements for the year ended 31 December 2006 and the reports of the directors and auditors thereon.
2. To re-elect John O'Shea as a director, who retires by rotation in accordance with article 84 of the Articles of Association.
3. To re-elect Brendan Mullin as a director, who retires by rotation in accordance with article 84 of the Articles of Association.
4. To re-appoint Ernst & Young as auditors.
5. To authorise the directors to fix the remuneration of the auditors.
6. As an Ordinary Resolution:

That the directors be and are hereby authorised to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act, 1983) up to a maximum aggregate nominal value equal to one third of the nominal value of the issued ordinary share capital of the Company on the date of the passing of this resolution, such authority to expire at the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution or on 18 September 2008, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry date and the directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred herein had not expired.

7. As a Special Resolution:

That subject to the passing of Resolution 6, the directors be and are hereby empowered to allot equity securities, as defined by Section 23 of the Companies (Amendment) Act, 1983 (including, without limitation, any shares purchased by the Company pursuant to the provisions of the Companies Act 1990 and held as Treasury Shares):-

(a) in connection with any offer of securities, open for a period fixed by the directors, by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including without limitation, any person entitled to options under any of the Company's shares option schemes or any person entitled to participate in any of the Company's profit sharing schemes for the time being) and subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to legal or practical problems under the laws of, or the requirements of any recognise body or stock exchange in any territory; and

(b) (in addition to the authority conferred by the preceding paragraph) up to an aggregate nominal value equal to 10% of the nominal value of the Company's issued ordinary share capital at the date of passing of this resolution.

The authority conferred by the passing of this Resolution is to expire at the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution or on 18 September 2008, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry date and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred herein had not expired.

BY ORDER OF THE BOARD

Aoife Warren
Company Secretary
4 St. Catherine's Lane West
Digital Hub
Dublin 8

9 May 2007

Notes:
(1) A member entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.
(2) Forms of Proxy together with any Power of Attorney or other authority under which it is executed or a notarially certified copy thereof, must be completed and to be valid, must reach the Company at the address given on the Form of Proxy not less than forty-eight hours before the time appointed for the holding of the meeting.
(3) The appointment of a proxy does not preclude a member from attending and voting at the meeting.
(4) If the appointor is a corporation, this Form of Proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
(5) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other registered holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
(6) If you wish to appoint as proxy someone other than the Chairman of the Meeting, please delete the words "the Chairman of the Meeting" and insert the name and address of the person you wish to appoint in the space provided. A proxy need not be a member.
(7) Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996, only those shareholders on the Register of Shareholders at 4.00pm on 16 June 2007 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, shareholders must be entered on the Company's Register of Shareholders at the time which is 48 hours before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

COMPANY INFORMATION

DIRECTORS
Rod A. Matthews (UK)
Niall McKeon
Brendan Mullin
John O'Shea
Colin Tucker (UK)
Michael Watson (UK)

SECRETARY
Aoife Warren

REGISTERED OFFICE
4 St. Catherine's Lane West
Digital Hub
Dublin 8

AUDITORS
Ernst & Young
Chartered Accountants
Annaville House
Newtown
Waterford

BANKERS
Bank of Ireland
Lloyds TSB Bank plc
Anglo Irish Bank Corporation

SOLICITORS
O'Donnell Sweeney Eversheds
1 Earlsfort Centre
Earlsfort Terrace
Dublin 2

NOMINATED ADVISER & BROKER – AIM
Seymour Pierce Ltd
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

NOMINATED ADVISER & BROKER – IEX
NCB Stockbrokers Ltd
3 George's Dock
Dublin 1

Designed and produced by **Emperor Design Consultants Ltd**
Tel **+44 (0)131 220 7990 www.emperordesign.co.uk**

ZAMANO PLC
4 ST.CATHERINE'S LANE WEST
DIGITAL HUB
DUBLIN 8
IRELAND

T +353 (0) 1 488 5820
F +353 (0) 1 488 5821

WWW.ZAMANO.COM