Annual Report 2007

**ZAMANO PLC & SUBSIDIARIES
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

zamano
COMPELLING MOBILE INTERACTION™

zamano

COMPELLING MOBILE INTERACTION™

zamano is a leading provider of innovative and interactive mobile services and applications directly to end users or jointly with our business partners

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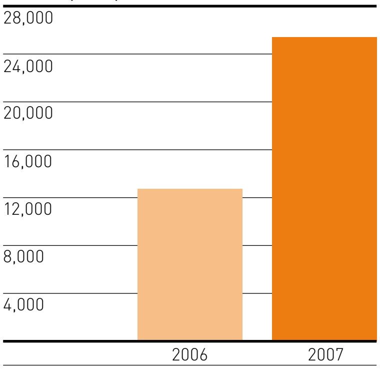
HIGHLIGHTS OF THE YEAR

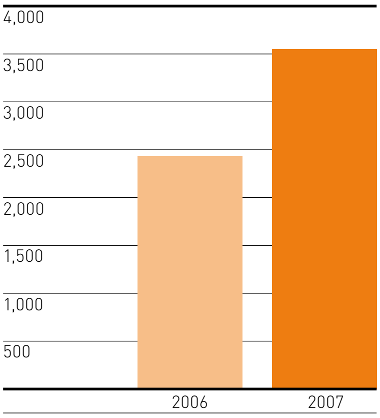
	2007 €'000	2006 €'000	Growth
Revenue	**24,716**	12,352	+100%
EBITDA	**3,518**	2,444	+44%
Profit After Tax	**2,613**	2,207	+18%
Adjusted Diluted EPS*	**4.6 cents**	4.0 cents	+15%

*Adjusted for amortisation, share option costs and deferred interest on acquisition

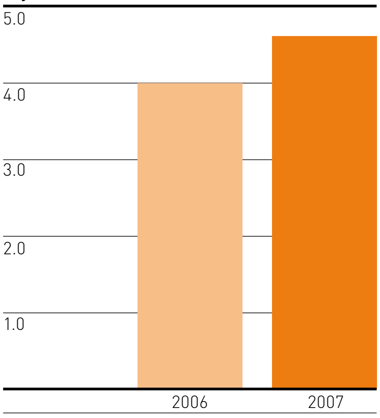
Revenue (€'000)



EBITDA (€'000)



Adjusted Diluted EPS (cents)



TRANSFORMATIONAL YEAR – REVENUE DOUBLES TO €24.7M

SIXTH CONSECUTIVE YEAR OF REVENUE AND PROFIT GROWTH

COMPLETION OF TWO SIGNIFICANT ACQUISITIONS – EIRBORNE AND RED CIRCLE

CONTINUED INVESTMENT IN RESEARCH AND DEVELOPMENT

INDUSTRY-LEADING PROFIT MARGINS

ZAMANO IN DETAIL
INNOVATIVE APPLICATIONS

Highly scalable, robust and flexible messaging platform, which allows zamano to take advantage of the convergence between the mobile and fixed line internet

Personalisation
Interactivity
Purchasing

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

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

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

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.

Chat & Tarot
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
Aggregation enables service providers to access UK, Australian and Irish mobile subscribers using zamano's platform and connectivity.

TRANSFORMATIONAL YEAR

Our strategy for the growth and development of the Group is focused on three key areas and the Group has made excellent progress in all three in 2007

1. Strategic acquisitions

- √ Eirborne for €8.5m in April
- √ Red Circle for €18.0m in December

2. Increased investment in new technology

- √ Platform scaling – messages double
- √ Convergence of fixed and mobile internet
- √ Billing enhancements

3. Expansion into new territories

- √ No. 1 in Ireland
- √ Top 5 in UK
- √ Top 10 in Australia
- √ Market entry in the USA

COMPANY HISTORY

Foundation (2000)

- Strategy to focus on the emerging mobile internet

Expansion (2002)

- Merge with M-isphere
- New equity funding to finance growth plans

Profitability (2004)

- Complete acquisition of Enabletel to enter B2C area

AIM Flotation (2006)

- Raise €5.9m new equity through AIM flotation
- Expand into Australia

Revenue Doubles (2007)

- Complete two acquisitions to expand B2C business
- Revenue doubles and EBITDA grows to €3.5m

CHAIRMAN'S STATEMENT
ROD MATTHEWS

The Group has delivered revenue and EBITDA growth ahead of market expectations and completed two very significant acquisitions, which will be key factors in delivering future growth

INTRODUCTION

I am delighted to report on another very exciting year for zamano. Once again, the Group has delivered revenue and EBITDA growth ahead of market expectations. Revenue increased by 100% to €24.7m and EBITDA by 44% to €3.5m.

In addition to this strong financial performance, the Group has also completed two very significant acquisitions, which will be key factors in delivering future growth.

When the Company listed in October 2006, we explained that our strategy for the growth and development of the Group would be focused on three key areas:

- Identification of suitable merger and acquisition targets in order to ensure that zamano participates in the continuing consolidation of the market;
- Development of our technology platform to support new technologies and services; and
- Identification of appropriate new geographic markets and controlled entry into those markets.

During 2007, the Group has made good progress in all three areas and will continue to pursue them in 2008.

ZAMANO RANKED 2nd IN DELOITTE TECHNOLOGY FAST 50

zamano has built substantial scale, and was recently placed second in the Deloitte Fast 50.

Rankings are based on average percentage revenue growth in the five years to 2006 and zamano grew 1,999% during that period.

	2007 €'000	2006 €'000	Growth
Revenue	**24,716**	12,352	+100%
EBITDA	**3,518**	2,444	+44%
Profit After Tax	**2,613**	2,207	+18%
Adjusted Diluted EPS*	**4.6 cents**	4.0 cents	+15%

*Adjusted for amortisation, share option costs and deferred interest on acquisition

ACQUISITIONS

The Company made two significant acquisitions in 2007, Eirborne in April and Red Circle Technologies in December. Eirborne has been successfully integrated and is now the foundation of the online and mobile portal business unit within the B2C division. The Red Circle acquisition was undertaken to deliver substantial B2C revenue and profit scale and to create opportunities for further geographic expansion into the strategically important US market.

BOARD

The Board has been strengthened in 2007 with the addition of Colm Saunders as Chief Financial Officer. Colm's financial and operational experience is helping support the Group's growth plans in 2008 and beyond.

OUTLOOK

Trading to date in 2008 is good, and the Board is pleased with progress made in the integration of Red Circle.

The Board looks forward to 2008 and is confident that the Group will continue to deliver revenue and profit growth.

Rod A. Matthews
Chairman

CEO'S STATEMENT
JOHN O' SHEA

The Group continues to operate a hybrid business model, combining the offering of mobile data services directly to consumers (B2C) as well as via partners (B2B)

INTRODUCTION
I am pleased to report that 2007 was a transformational year for zamano plc. The Group made substantial progress in executing its strategy, resulting in a strong financial performance with revenues doubling and EBITDA increasing by 44%.

During the year, the Group considerably strengthened its management team and has put the right resources in place to extend its strong growth story into 2008 and beyond.

zamano continues to operate a hybrid business model, combining the offering of mobile data services directly to consumers (B2C) as well as via partners (B2B). This delivers economies of scale in messaging, and spreads the technology investment and operating costs over a wider stream of revenues.

FINANCIAL PERFORMANCE
The financial performance in 2007 exceeded expectations. Revenue grew by 100% to €24.7m from €12.3m in 2006, and the Group is confident of continued growth in 2008, with market share gains expected in the UK, Ireland, Australia and the USA. Major growth drivers in 2007 have been the shift in advertising from print to better performing online and operator mobile portals, and further customer wins in the B2B business units.

The Group's EBITDA grew faster than expected to €3.5m (€2.4m in 2006) at a margin of 14%. As anticipated EBITDA margin was down 5%, driven by a proportion of the very significant revenue growth in new markets being at slightly lower gross margins.

Cost control remains strong, evidenced by operating costs being maintained at 24% of revenue, approximately the same level as reported for 2006. This is extremely pleasing given the dramatic growth which the business has experienced over the past twelve months. Further evidence of this performance is in average revenue per employee, which increased 37% from €475k in 2006 to €650k for 2007.

Adjusted EPS growth of 15% has lagged EBITDA growth, reflecting the impact of the large increase in the number of shares in circulation post the Company's IPO in late 2006. The cash raised through the IPO was partly utilised in the Eirborne acquisition in April 2007 and, consequently, has yet to contribute to earnings on a full-year basis.

At year end there was a €12.1m cash balance, of this €6.2m is assigned for the final payment to Eirborne shareholders and €1.0m is for payment to the Red Circle shareholders. Therefore, the underlying cash position available to the business is €4.9m. In addition, the Group took on €15.0m in debt from Bank of Scotland (Ireland) to fund the acquisition of Red Circle resulting in net debt of €2.9m and underlying net debt of €10.1m. The Board feel that there is a good balance of debt and cash to support the Group's growth plans.

The Company reports in Euros; however, a significant proportion of the Group's revenue is in Sterling and, consequently, the Board continue to monitor closely the recent movements in Sterling and their possible impact on financial performance. In order to hedge the currency exposure, the Group has consistently focused on matching Sterling revenue and costs.

ACQUISITIONS

2007 was an extremely busy year for zamano in terms of acquisitions with two strategically important and sizeable acquisitions completed.

Eirborne, completed in April, was undertaken to enhance zamano's online B2C offering and expand its geographical footprint in the UK and Australian markets. The final consideration was subject to profit targets to be achieved in the 12 months to the end of April 2008, and the maximum consideration of €8.5m has been earned. The final payment of €6.2m was made in May 2008. The integration has been successfully completed and all commercial and technical management has passed to the zamano team, with growth continuing.

The reverse takeover of Red Circle was undertaken to deliver substantial incremental B2C revenue in the UK, Australian and US markets. The transaction was approved by shareholders and completed on 12 December 2007.

Red Circle was acquired for a maximum purchase price of up to €24.4m comprising an initial consideration of €17.2m and a deferred consideration of up to €7.2m. The deferred consideration provided a mechanism for the vendors to achieve a higher valuation if the performance of the business for the year ended 31 December 2007 exceeded zamano's expectations. The amount of the deferred consideration was to be determined based on the agreed financial results of Red Circle for the year ended 31 December 2007 as well the balance sheet at the date of acquisition. Following completion of these accounts, the final total consideration will be approximately €18m.

ZAMANO SUCCESSFULLY ACQUIRES RED CIRCLE

zamano announced the acquisition of Red Circle in November 2007. The acquisition expands zamano's market share in the UK and Australia and provides a market entry into the strategically important US market. This was zamano's fifth acquisition.

CEO'S STATEMENT (CONTINUED)

In the period since the Red Circle acquisition, an accelerated integration process has been completed. Teams from both companies are now working together within an integrated organisation structure, messaging traffic is being moved to the zamano platform and the sales teams are working on delivering profitable revenue growth. The Board is confident that the synergies discussed at the time of acquisition will be delivered.

OPERATIONAL PERFORMANCE

zamano continued its technology investment programme, and has enhanced the development team to support further growth initiatives.

In line with the growing use of the mobile internet, zamano has focused development in three key areas:

- **Platform scaling:** zamano's platform successfully supported a doubling in monthly messaging traffic in 2007 and has the capability to support even faster growth in 2008.
- **Convergence:** As WAP usage grows, we have focused on building seamless migration capabilities between traditional and mobile internet portals supporting social networking, messaging and content provision.
- **Billing:** zamano has invested in Payforit, a new WAP payment system, and is integrating multiple payment systems into its converged web/WAP portals.

REGULATION

Regulation remains an important area for zamano and the Group has one of the strongest track records in the industry for both its B2C and B2B businesses. Whilst zamano has strong internal procedures within its B2C business to ensure that it is operating within regulations, the major focus remains on ensuring full regulatory compliance from its B2B customers, in relation to which zamano has less content and customer control. 2007 witnessed a further improvement in compliance from B2B customers brought about by increased investment in best practice definition, education and proactive testing of services.

We continue to engage with regulators in defining best practices for new services and have accepted invitations to participate in regulatory oversight committees and strategic reviews.

EXECUTIVE TEAM

The executive team was strengthened through the appointment of Colm Saunders as CFO in October, and was further enhanced by Cathal Fay, formerly CEO of Red Circle, now managing all of zamano's B2C division.

Paul O'Shea, formerly responsible for zamano's B2C business, has taken up a new role in zamano, focusing on longer term business development and product strategies. He will work closely with Enda Farrell, CTO, in positioning zamano to take advantage of further growth opportunities.

To encourage wider share participation amongst all employees, the Group is in the process of putting an Approved Profit Sharing Scheme in place. Management believe that this will further motivate the highly productive employee base to drive future growth and shareholder value.

CONCLUSION

zamano has built substantial scale and was recently placed second in the Deloitte Fast 50, having achieved 1,999% growth in the five years to 2006. A further 100% revenue growth in 2007 is indicative of the strength of the business. Continued strong performance in our organic business units, combined with the substantial scale of the companies acquired in 2007, positions the Group to continue its impressive growth trajectory.

zamano's proven ability to acquire and integrate companies is a key competitive differentiator. With the continued support of our shareholders and banking partners, the Group will actively pursue further acquisition opportunities in the year ahead.

In conclusion, I am very satisfied with recent progress in developing our team, our strategy and technology, and am confident that the six years of consecutively high growth to 2007 will continue in 2008 and beyond.

John O'Shea
CEO

BOARD OF DIRECTORS

1. Rod Matthews – Non-executive Chairman
Rod was previously Chief Executive of Scottish Telecomm where he successfully built the company from incorporation to deliver revenues in excess of £200m per annum and positive earnings within 4 years. Rod was also President & COO of Global Crossing EMEA and Chairman of AIM listed company Transcomm plc, which was sold to BT. Rod has been Chairman of UK-listed company Keycom plc since 2003. He was appointed a Member of the Order of the British Empire following his leadership of a European/Asian/American harmonisation of interoperability of computing networks.

2. John O' Shea – Chief Executive Officer
John's career to date spans 11 years of multinational telecommunications companies, and 11 years spent building up two technology innovators. John worked in Munich with Siemens, before joining Rohde and Schwarz. He then took up a role as a Product Manager for AT&T Network Systems. He was appointed Managing Director of Webfactory, a web development company, in January 1997, and grew annual revenues from €400k that year to nearly €3m in 2000. The company was sold to Horizon in 2000 for €10m. John joined zamano as Commercial Director in May 2002, charged with growing sustainable revenue streams.

3. Colm Saunders – Chief Financial Officer
Colm qualified as a chartered accountant with KPMG and worked in London with CCF Charterhouse in their Corporate Finance group. In 2000, he moved to NCB Stockbrokers where he worked in mergers and acquisitions and fund raising for high growth Irish companies. Colm then joined Spectel, for whom he had raised US$45m in both debt and equity funding, and worked in Boston as their General Manager, US Operations. Spectel was acquired by Avaya for over US$100m and Colm worked on the integration of Spectel into Avaya, subsequently taking a role as Strategy and Operations Director for Avaya.

4. Brendan Mullin – Non-executive Director
Brendan runs a public/private equity investment fund in Dublin. Between 2004 and 2007, Brendan was a director of Quinlan Private Capital, a leading international real estate and investment advisory group in Ireland. He previously worked with both Goodbody and Davy Stockbrokers in Dublin.

5. Colin Tucker – Non-executive Director
Colin was Deputy Chairman of Hutchison 3G Europe between 2003 and 2007. He was a founding director of Orange and ran Hutchison UK (subsequently under the brand 3) prior to his current appointment. He is a non-executive director of FTSE listed technology company Monitise plc and Chairman of the Motorola-Sony Ericsson company UIQ ltd.

6. Michael Watson – Non-executive Director
Michael ("Mike") was Director of Marketing and Technical Strategy for ICL/Fujitsu, Managing Director of BICC Technologies, Director of Sales and Marketing for AEA Technology plc and Chief Executive of Tertio Ltd. He is a non-executive director of AIM listed Spectrum Interactive plc, and previously Xitec plc and OSI Group plc.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and consolidated financial statements for the year ended 31 December 2007.

CHANGE IN ACCOUNTING BASIS
zamano plc and subsidiaries ("the Group") have adopted International Financial Reporting Standards (IFRS) as its primary accounting basis for all reporting periods beginning on or after 1 January 2007 as required for all AIM and IEX listed companies. Up to and including 31 December 2006, the Group prepared consolidated financial statements in accordance with Irish Generally Accepted Accounting Practice (GAAP).

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

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.

During the year the company acquired 100% of the voting shares of Eirborne Text Promotions Ltd and Red Circle Technologies Ltd, unlisted companies based in Ireland and specialising in mobile content and entertainment.

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, competition 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, depreciation and amortisation (EBITDA).

RESULTS FOR THE YEAR, DIVIDENDS AND STATE OF AFFAIRS
The Group Income Statement and Balance Sheet for the year ended 31 December 2007 are set out on pages 14 to 42. The Company Balance Sheet as at 31 December 2007 is set on pages 43 to 46.

Group turnover increased by 100% to €24.7m and the Group recorded a profit before tax of €3.1m compared to €2.5m in the previous year. The directors do not propose the payment of a dividend, therefore an amount of €2.6m 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.

EVENTS SINCE THE BALANCE SHEET DATE
Since the balance sheet date the Group has experienced continued growth in demand for mobile data services resulting in increased revenues.

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 €703,000 (2006 – €417,000). This was primarily focused on the continued development of zamano's platform for mobile applications and content.

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 meets at least three times a year, linked to the timing of the publication of the Group's results. The committee also meets on an ad hoc basis when necessary. The external auditors attend the meeting. 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 5 to the financial statements.

DIRECTORS AND SECRETARY

The names of the persons who were directors at any time during the year ended 31 December 2007 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 (resigned 19 September 2007)
Brendan Mullin
John O'Shea
Cormac Ó Tighearnaigh (appointed 21 May 2007, resigned 2 August 2007)
Colm Saunders (appointed 25 October 2007)
Colin Tucker
Michael Watson

John O'Shea and Brendan Mullin retired by rotation in accordance with the Articles of Association at the AGM on 18 June 2007 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 22 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the financial statements of the Group, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable International Financial Reporting Standards as adopted by the European Union, subject to any material departures 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 Group will continue in business.

The considerations set out above for the Group are also required to be addressed by the directors in preparing the financial statements of the Parent Company, in respect of which the applicable accounting standards are those generally accepted in the Republic of Ireland.

The directors have elected to prepare the Parent Company's financial statements in accordance with generally accepted accounting practice in Ireland (Irish GAAP) comprising the financial reporting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland, together with the Companies Acts, 1963 to 2006.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the parent company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union and comply with the provisions of 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.

On behalf of the Board

John O'Shea and Colm Saunders
Directors
7 April 2008

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

We have audited the Group and Parent Company ("the Company") financial statements ("the financial statements") of zamano plc for the year ended 31 December 2007 which comprise the Group Income Statement, the Group and Company Balance Sheets, the Group Statement of Changes in Equity, the Group Cash Flow Statement, and the related notes 1 to 26 (Group) and the related notes 1 to 11 (Company). 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 Group financial statements in accordance with applicable Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union and for the preparation of the Company's 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 CEO'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 Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of affairs of the Group as at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

In our opinion the Company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Company as at 31 December 2007 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 CEO'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
Chartered Accountants and Registered Auditors
Annaville House, Newtown
Waterford
7 April 2008

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 €'000	2006 €'000
Continuing Operations			
Revenue		**24,716**	12,352
Cost of sales		**(15,863)**	(7,129)
Gross Profit		**8,853**	5,223
Administrative expenses		**(5,823)**	(2,831)
Operating Profit	5	**3,030**	2,392
Finance revenue	8	**366**	85
Finance costs	8	**(315)**	(26)
Profit before tax		**3,081**	2,451
Income tax expense	9	**(468)**	(244)
Profit for the Year Attributable to Equity Holders of the Parent		**2,613**	**2,207**
Earnings Per Share			
- basic	11	**€0.038**	€0.042
- diluted	11	**€0.036**	€0.039

Approved by the Board

John O'Shea and Colm Saunders
Directors
7 April 2008

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 €'000	2006 €'000
Assets			
Non-current Assets			
Property, plant and equipment	13	174	165
Intangible assets	14	28,608	1,112
Deferred tax asset	9	27	–
		28,809	1,277
Current Assets			
Trade and other receivables	16	9,180	2,796
Cash and cash equivalents	17	12,104	7,491
		21,284	10,287
Total Assets		50,093	11,564
Equity			
Capital and reserves attributable to equity holders of the parent			
Equity share capital	18	81	68
Share premium		11,155	6,367
Capital conversion reserve		1	1
Other reserves	18	233	99
Retained earnings		4,835	2,222
Total Equity		16,305	8,757
Liabilities			
Non-current Liabilities			
Interest-bearing loans and borrowings	21	12,416	–
Deferred tax liability	9	569	–
		12,985	–
Current Liabilities			
Trade and other payables	19	9,429	2,596
Acquisition accrual	3	8,410	–
Interest-bearing loans and borrowings	21	2,534	–
Income tax payable		430	211
		20,803	2,807
Total Liabilities		33,788	2,807
Total Equity And Liabilities		50,093	11,564

Approved by the Board

John O'Shea and Colm Saunders
Directors
7 April 2008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holders of the parent					
	Equity Share Capital €'000	Share Premium €'000	Capital Conversion Reserve €'000	Retained Earnings €'000	Other Reserves €'000	Total Equity €'000
At 1 January 2007	68	6,367	1	2,222	99	8,757
Foreign currency translation	–	–	–	–	(19)	(19)
Total income and expense for the period recognised directly in equity	–	–	–	–	(19)	(19)
Profit for the period	–	–	–	2,613	–	2,613
Total income and expense for the period	–	–	–	2,613	–	2,613
Issue of share capital	13	4,788	–	–	–	4,801
Share-based payments	–	–	–	–	153	153
At 31 December 2007	**81**	**11,155**	**1**	**4,835**	**233**	**16,305**

	Attributable to equity holders of the parent					
	Equity Share Capital €'000	Share Premium €'000	Capital Conversion Reserve €'000	Retained Earnings €'000	Other Reserves €'000	Total Equity €'000
At 1 January 2006	26	622	1	15	43	707
Profit for the period	–	–	–	2,207	–	2,207
Total income and expense for the period	–	–	–	2,207	–	2,207
Issue of share capital	18	5,903	–	–	–	5,921
Capitalisation issue	15	(15)	–	–	–	–
Conversion of Series "A" Convertible Redeemable Preferred Shares to Ordinary Shares	9	898	–	–	–	907
Costs associated with listing on AIM	–	(1,041)	–	–	–	(1,041)
Share-based payments	–	–	–	–	56	56
At 31 December 2006	**68**	**6,367**	**1**	**2,222**	**99**	**8,757**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 €'000	2006 €'000
Cash Flows from Operating Activities			
Profit before tax		3,081	2,451
Adjustments to Reconcile Profit for the Year to Net Cash Inflow from Operating Activities			
Depreciation	13	94	52
Amortisation of intangible assets	14	394	–
Share-based payments expense		153	56
Foreign exchange		(19)	–
Increase in trade and other receivables		(1,910)	(850)
Increase in trade and other payables		2,917	663
Finance revenue	8	(366)	(85)
Finance costs	8	315	26
Cash generated from operations		4,659	2,313
Interest paid		(9)	(5)
Income tax paid		(535)	(67)
Net Cash Inflow from Operating Activities		4,115	2,241
Cash Flows from Investing Activities			
Payment of deferred consideration on purchase of Enabletel		–	(252)
Acquisition of subsidiaries		(14,532)	–
Purchase of property, plant and equipment		(81)	(165)
Purchase of intangible assets		(166)	–
Interest received		326	85
Net Cash Outflow from Investing Activities		(14,453)	(332)
Cash Flows from Financing Activities			
Proceeds from issue of share capital		1	5,921
Interest-bearing loan		14,950	–
Transaction costs of issue of share capital		–	(1,022)
Net Cash Inflow from Financing Activities		14,951	4,899
Net Increase in Cash and Cash Equivalents		4,613	6,808
Cash and Cash Equivalents at 1 January		7,491	683
Cash and Cash Equivalents at 31 December		12,104	7,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. CORPORATE INFORMATION

The consolidated financial statements of the Group for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on 7 April 2008.

zamano plc is a limited company incorporated and domiciled in Ireland whose shares are publicly traded on the London Alternative Investment Market (AIM) and the Irish Enterprise Exchange (IEX) in Dublin.

The principal activities of the Company and its subsidiaries ("the Group") are the provision of mobile data services and technology.

2.1 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2007 have been prepared on a historical cost basis. The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (€'000) except where otherwise indicated.

Adoption of IFRS

The London Stock Exchange AIM and the IEX in Dublin have mandated the use of International Financial Reporting Standards (IFRS) for all AIM and IEX companies with financial years commencing on or after 1 January 2007. Consequently, these financial statements are prepared in accordance with IFRS as adopted by the European Union. The date of transition is 1 January 2006.

The basis of preparation and accounting policies followed in this report differ from those set out in the Group's financial statements for the year ended 31 December 2006, which were prepared in accordance with Irish Generally Accepted Accounting Practice (Irish GAAP).

The financial information for the year ended 31 December 2006 has been extracted from the statutory accounts for the Group for that year now amended to conform to the IFRS accounting policies applied in the consolidated financial statements for the year ended 31 December 2007. The statutory accounts for the year ended 31 December 2006 were reported on by the auditors without qualification or an emphasis of matter reference and have been delivered to the Registrar of Companies.

The effects of the transition from Irish GAAP to IFRS on the Group's profit and net assets are presented in Note 25.

Statement of compliance

The consolidated financial statements of zamano plc and its subsidiaries have been prepared using accounting principles in accordance with IFRS, as adopted by the European Commission, which comprise standards and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of consolidation

The consolidated financial statements consolidate the financial statements of zamano plc and all its subsidiary undertakings drawn up to 31 December 2007. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control.

All subsidiaries have a financial year end of 31 December, with the exception of Red Circle Technologies Ltd which has a financial year end of 31 May.

The cost of acquisition is measured at the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are initially measured at their fair value at acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations that took place before 1 January 2006.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible assets other than goodwill

Intangible assets other than goodwill are carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be estimated reliably.

The Group's intangible assets are amortised over the useful life of the related asset on a straight line basis as follows:

Customer lists	– 2 years
Content management system	– 3 years
Web portal	– 3 years
Software	– 3 years

Impairment

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

For intangible assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount.

Goodwill

Goodwill arising on acquisition is capitalised and classified as an asset on the Balance Sheet. Goodwill is reviewed annually for impairment and is carried at cost less accumulated impairment.

If a subsidiary or business is subsequently sold or closed, the attributable amount of goodwill is taken into account in determining the profit or loss on sale or closure.

Impairment of goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying value an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed once recognised. The Group performs its annual impairment test of goodwill as at 31 December.

Deferred and contingent consideration

Deferred and contingent consideration relating to acquisitions represents the liability associated with a performance-related target as evaluated by management, taking into account the terms of the earn out. If the effect of the time value of money is material, the deferred and contingent consideration is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the deferred and contingent consideration due to the passage of time is recognised as a finance cost.

Any revision in the deferred and contingent consideration provision is accounted for by an adjustment to the carrying value of goodwill.

Revenue recognition

Revenue 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. Where the Group acts as a principal supplier of mobile phone content, entertainment and other services, revenue is recorded before the deduction of revenue share payments to network operators. Where the Group acts as a service provider to third parties, turnover is recorded net of revenue share payments to third parties and network operators.

Project revenue is recognised by reference to the stage of completion. Where the project outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Fee-based income from the provision of other services is recognised on delivery of the service to the customer.

Interest income is recognised as interest accrues.

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. 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

Expenditure on research (or the research phase of an internal project) is written off as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefit, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension costs
The Group operates defined contribution pension schemes. The assets of the schemes are held separately from the Group in independently administered funds. Contributions are charged to the Income Statement as they become payable in accordance with the rules of the schemes. At 31 December 2007 €12,000 (2006 – €nil) was payable to Group pension schemes.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

Deferred tax
Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the Income Statement.

Depreciation
Depreciation is provided on all property, plant and equipment, 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 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.

The residual values and useful lives of property, plant and equipment are reviewed and adjusted, if appropriate, at each Balance Sheet date.

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 asset is recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the finance lease. The capital elements of future obligations under leases are included in liabilities in the Balance Sheet and analysed between current and non-current amounts. The interest element of the rental obligations is charged to the Income Statement over the periods of the leases and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term.

Foreign currencies
The consolidated financial statements are presented in Euros, which is the Group's presentation currency. 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. Exchange differences are recognised in the Income Statement.

The functional currency of the foreign operation, Zamano Limited, is Sterling. As at the reporting date, the assets and liabilities of this subsidiary are translated into the presentation currency of zamano plc (the Euro) at the rate of exchange ruling at the Balance Sheet date and, the Income Statement is translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

Cumulative translation differences on foreign operations are deemed to be zero at 1 January 2006. Any gains and losses recognised in the Consolidated Income Statement on subsequent disposals of foreign operations will therefore exclude translation differences arising prior to the transition date.

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 a binominal 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 other reserves.

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 is 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.

Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Group may not be able to recover balances in full. The amount of the provision is recognised in the Income Statement. Balances are written off to the Income Statement when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with a maturity of less than three months.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns different to those of other segments. Stemming from the Group's internal organisational and management structure and its system of internal financial reporting, segmentation by business is regarded as being the predominant source and nature of the risks and returns facing the Group and is thus the primary segment. Geographical segmentation is therefore the secondary segment.

Financial liabilities – interest-bearing loans and borrowings

All loans and borrowings are initially recorded at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the Balance Sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of goodwill at 31 December 2007 was €23,847,000 (2006 – €1,112,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair values requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, volatility and dividend yield, and making assumptions about them. The assumptions and models used are disclosed in Note 7.

2.4 FUTURE CHANGES IN ACCOUNTING POLICIES

STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

In January 2008, the IASB issued Amendments to IFRS 2 (Share-based Payment – Vesting Conditions and Cancellations). The amendments clarify that vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application permitted. The Group does not expect that the application of the amendments will have a significant impact on the Group's financial position or results of operations.

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements

In January 2008, the IASB published the revised standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements). Under IFRS 3 (revised 2008), business combinations continue to be accounted for by the purchase method. IAS 27 (revised 2008) contains rules for the consolidation and treatment of changes in ownership interests. IFRS 3 (revised 2008) and IAS 27 (revised 2008) are to be applied for the first time in annual periods beginning on or after 1 January 2009. The Group is currently evaluating the impact that the application of these revised standards may have on future business combinations and the presentation of the consolidated financial statements.

IFRS 8 Operating Segments

In November 2006, the IASB published IFRS 8 (Operating Segments), which will replace IAS 14 (Segment Reporting), the existing standard in this area. IFRS 8 is to be applied for the first time for annual periods beginning on or after 1 January 2009. Under IFRS 8, segment reporting must be based on the information used internally by management to identify operating segments and to evaluate their performance. The Group does not believe that the application of this standard will have a significant impact on the presentation of its segment reporting.

IAS 1 Presentation of Financial Statements

In September 2007, the IASB issued amendments to IAS 1 (Presentation of Financial Statements). These include proposals for renaming certain sections of the financial statements, the obligation to publish an opening balance sheet for the previous financial year in certain circumstances, separate presentation of changes in equity arising from transactions with owners and with non-owners, separate disclosure by component of amounts removed from stockholders' equity and recognised in income, and disclosure of the related income tax effect by component in the statement of recognised income and expense. This interpretation is to be applied for annual periods beginning on or after 1 January 2009. The Group is currently evaluating the impact that the application of the amendments may have on the presentation of the Group's financial statements.

IAS 23 Borrowing costs

A revised IAS 23 (Borrowing Costs) was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs where such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group has no qualifying assets and hence this amendment will have no impact on the Group.

IAS 32 Financial Instruments: Presentation

In February 2008, the IASB issued amendments to IAS 32 (Financial Instruments: Presentation). These refer particularly to the distinction between equity and debt in accounting for company capital to which cancellation rights are attached (puttable financial instruments). The amendments are to be applied for the first time for annual periods beginning on or after 1 January 2009. The Group does not issue puttable financial instruments and hence this amendment will have no impact on the Group.

IFRIC 12 Service concession arrangements

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is a service concession operator and hence this interpretation will have no impact on the Group.

IFRIC 13 Customer loyalty programmes

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group does not operate a customer loyalty programme and hence this Interpretation will have no impact on the Group.

IFRIC 14 IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. This Interpretation will have no impact on the Group as the Group does not operate a defined benefit pension scheme.

3. BUSINESS COMBINATIONS

ACQUISITIONS IN 2007

Acquisition of Eirborne Text Promotions Limited

On 20 April 2007, the Group acquired 100% of the voting shares of Eirborne Text Promotions Limited ("Eirborne"), an unlisted company based in Ireland specialising in mobile content and entertainment. The fair value of the identifiable assets and liabilities of Eirborne as at the date of acquisition were:

	Fair value recognised on acquisition €'000	Previous carrying value €'000
Property, plant and equipment	13	66
Customer lists	752	–
Web portal and technology	129	–
Trade and other receivables	711	711
Deferred tax asset	5	5
Cash	132	132
	1,742	914
Trade and other payables	(660)	(660)
Deferred tax liability	(110)	–
Net assets	**972**	**254**
Goodwill arising on acquisition	7,387	
Total acquisition cost	**8,359**	
Discharged by:		
Fair value of shares issued	500	
Cash paid on acquisition	1,200	
Costs directly attributable to the acquisition	253	
Net present value of deferred consideration	6,406	
	8,359	

1,136,364 shares with a total nominal value of €1,136 were issued as partial consideration for the acquisition. The fair value of the shares issued was based on the average share price for five days prior to the date of acquisition.

	€'000
Cash outflows on acquisition:	
Net cash acquired with the subsidiary	132
Cash paid	(2,041)
Net cash outflow	**(1,909)**

From the date of acquisition Eirborne has contributed €1,243,000 to the net profit of the Group. If the combination had taken place at the beginning of the year, the operating profit for the Group would have been €2,967,000 and revenue from continuing operations would have been €26,921,000.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of Eirborne with those of the Group.

In accordance with IFRS 3 Business Combinations, management has reflected provisional values on the initial purchase price allocation calculation performed. All adjustments to these provisional values will be finalised within 12 months of the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Red Circle Technologies Limited

On 12 December 2007, the Group acquired 100% of the voting shares of Red Circle Technologies Limited ("Red Circle"), an unlisted company based in Ireland specialising in mobile content and entertainment. The fair value of the identifiable assets and liabilities of Red Circle as at the date of acquisition were:

	Fair value recognised on acquisition €'000	Previous carrying value €'000
Property, plant and equipment	9	108
Customer lists	3,569	–
Content management system	539	–
Trade and other receivables	3,719	3,884
Cash	232	232
	8,068	4,224
Trade and other payables	(3,407)	(3,300)
Deferred tax liability	(513)	–
Net assets	**4,148**	**924**
Goodwill arising on acquisition	15,348	
Total acquisition cost	**19,496**	
Discharged by:		
Fair value of shares issued	4,300	
Cash paid on acquisition	11,900	
Costs directly attributable to the acquisition	1,500	
Net present value of deferred consideration	1,796	
	19,496	

The deferred consideration is payable as cash and shares in zamano plc.

11,315,789 shares with a total nominal value of €11,315.79 were issued as partial consideration for the acquisition. The fair value of the shares issued was based on the average share price prior for five days prior to the acquisition date.

	€'000
Cash outflows on acquisition:	
Net cash acquired with the subsidiary	232
Cash paid	(12,855)
Net cash outflow	**(12,623)**

From the date of acquisition Red Circle has contributed €106,000 to the net profit of the Group. If the combination had taken place at the beginning of the year, the operating profit for the Group would have been €5,326,000 and revenue from continuing operations would have been €54,524,000.

In accordance with IFRS 3 Business Combinations, management has reflected provisional values on the initial purchase price allocation calculation performed. All adjustments to these provisional values will be finalised within 12 months of the date of acquisition.

4. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services.

Business segments

The Group facilitates communication and interaction between businesses 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 (B2C).

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments:

	B2B €'000	B2C €'000	Eliminations €'000	Total €'000
Year ended 31 December 2007				
Revenue				
Sales to external customers	12,513	12,203	–	24,716
Inter-segment sales	38	1,566	(1,604)	–
Total revenue	**12,551**	**13,769**	**(1,604)**	**24,716**
Results				
Segment results	**3,036**	**3,653**	**–**	**6,689**
Unallocated expenses				(3,659)
Profit before tax, finance costs and finance revenue				3,030
Net finance income				51
Profit before tax				3,081
Income tax expense				(468)
Net profit for year				**2,613**
As at 31 December 2007				
Segment assets	4,068	32,932	–	37,000
Unallocated assets				13,093
Total assets				**50,093**
Segment liabilities	3,719	24,644	–	28,363
Unallocated liabilities				5,425
Total liabilities				**33,788**

	B2B €'000	B2C €'000	Unallocated €'000	Total €'000
Other segment information				
Capital expenditure				
Tangible fixed assets	–	–	81	81
Tangible fixed assets on acquisition of subsidiaries	–	–	22	22
Intangible fixed assets	–	166	–	166
Intangible fixed assets on acquisition of subsidiaries	–	27,724	–	27,724
Depreciation	–	–	94	94
Amortisation	–	394	–	394
Share-based payments	12	18	123	153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)
Business segments (continued)

	B2B €'000	B2C €'000	Eliminations €'000	Total €'000
Year ended 31 December 2006				
Revenue				
Sales to external customers	6,601	5,751	–	12,352
Inter-segment sales	–	–	–	–
Total revenue	**6,601**	**5,751**	**–**	**12,352**
Results				
Segment results	**1,578**	**2,663**	**–**	**4,241**
Unallocated expenses				(1,849)
Profit before tax, finance costs and finance revenue				2,392
Net finance income				59
Profit before tax				2,451
Income tax expense				(244)
Net profit for year				**2,207**
As at 31 December 2006				
Segment assets	1,946	1,812	–	3,758
Unallocated assets				7,806
Total assets				**11,564**
Segment liabilities	1,477	215	–	1,692
Unallocated liabilities				1,115
Total liabilities				**2,807**

	B2B €'000	B2C €'000	Unallocated €'000	Total €'000
Other segment information				
Capital expenditure				
Tangible fixed assets	–	–	165	165
Intangible fixed assets	–	–	–	–
Depreciation	–	–	52	52
Amortisation	–	–	–	–
Share-based payments	5	8	43	56

Geographical segments

The following tables present revenue, expenditure and certain asset information regarding the Group's geographical segments:

	Europe €'000	Rest of World €'000	Total €'000
Year ended 31 December 2007			
Revenue			
Sales to external customers	24,248	468	24,716
Inter-segment sales	–	–	–
Segment revenue	**24,248**	**468**	**24,716**
Other segment information			
Segment assets	49,584	482	50,066
Unallocated assets			27
Total assets			**50,093**
Capital expenditure			
Tangible fixed assets	81	–	81
Tangible fixed assets on acquisition of subsidiaries	22	–	22
Intangible fixed assets	166	–	166
Intangible fixed assets on acquisition of subsidiaries	27,724	–	27,724
Year ended 31 December 2006			
Revenue			
Sales to external customers	12,247	105	12,352
Inter-segment sales	–	–	–
Segment revenue	**12,247**	**105**	**12,352**
Other segment information			
Segment assets	11,547	17	11,564
Unallocated assets			–
Total assets			**11,564**
Capital expenditure			
Tangible fixed assets	165	–	165
Intangible fixed assets	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING PROFIT

	2007 €'000	2006 €'000
This is arrived at after charging:		
Directors' remuneration	450	377
Depreciation	94	52
Amortisation	394	–
Auditors' remuneration:		
– Audit services	104	25
– Other services	39	7

- The aggregate emoluments of the highest paid director amounted to €257,000 (2006 – €207,000).
- In 2007 the auditors also provided services in connection with the company's acquisition of Eirborne Text Promotions Ltd for which they were paid €26,000. This amount was included in the cost of acquisition of Eirborne Text Promotions Ltd.
- In 2006, in addition to the remuneration above, bonuses of €80,000 were paid to directors on admission to AIM. This amount was offset against the share premium account as part of the cost of raising new capital.
- In 2006 the auditors also provided services in connection with the company's AIM listing for which they were paid €158,000. This amount was offset against the share premium account as part of the cost of raising new share capital.

6. EMPLOYEES AND REMUNERATION

The average weekly number of employees was:

	2007	2006
B2B	7	6
B2C	9	2
Research and development	13	9
Management and administration	9	9
	38	26

Staff costs comprise:	2007 €'000	2006 €'000
Wages and salaries	2,838	1,737
Social welfare	298	259
Pension costs	50	34
Healthcare	16	11
Share-based payments cost	153	56
Employment grant	(76)	–
	3,279	2,097

7. 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 7 years after granting
- Options granted to Executive Directors, employees and consultants prior to October 2006 vest over a period of 3 years
- Options granted to Executive Directors and employees since October 2006 vest 3 years after the grant date
- Options granted to Non-Executive Directors on admission to AIM vest 3 years after the date of admission
- 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.

Date(s) of Grant	2007 Shares	2007 Weighted Average Exercise Price	2006 Shares	2006 Weighted Average Exercise Price
Outstanding at 1 January	5,885,600	€0.108	4,303,992	€0.001
Granted during the year	2,270,000	€0.353	3,176,600	€0.207
Exercised during the year	(515,667)	€0.001	(1,384,992)	€0.001
Lapsed on resignation	(516,133)	€0.121	(210,000)	€0.001
Outstanding at 31 December	7,123,800	€0.197	5,885,600	€0.108

The weighted average fair value of options granted during the year was €0.158 (2006 – €0.076).

The weighted average market price of the company's shares at the date of the exercised options was €0.437 (2006 – €0.134).

The following table sets out the grant date, number of and exercise price of share options exercisable at 31 December.

Date(s) of Grant	2007 Shares	2007 Exercise Price	2006 Shares	2006 Exercise Price
February 2004 to November 2005	2,352,000	€0.001	2,709,000	€0.001
August 2006	1,661,800	€0.134	2,126,600	€0.134
November 2006	1,050,000	€0.355	1,050,000	€0.355
March 2007	1,110,000	€0.420		
October 2007	600,000	€0.350		
December 2007	350,000	€0.360		
	7,123,800		5,885,600	
Exercisable at 31 December	2,878,867		1,675,333	
Weighted average exercise price	€0.197		€0.108	
Weighted average remaining life	5.33 years		5.79 years	

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.

	2007	2006
Dividend yield	0%	0%
Expected share price volatility	30%	30%
Risk-free interest rate	4%	3%
Expected life of options (years)	7	7

8. FINANCE COSTS AND FINANCE REVENUE

	2007 €'000	2006 €'000
Finance costs		
Bank interest and charges	10	5
Interest on long term borrowings	56	–
Other interest and charges	–	21
Interest on deferred consideration	249	–
	315	26
Finance revenue		
Bank interest receivable	366	85
	366	85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. INCOME TAX EXPENSE

	2007 €'000	2006 €'000
(a) Analysis of charge for the year:		
Current tax:		
Irish corporation tax	497	201
Foreign tax	46	35
Underprovision in prior year	2	8
	545	244
Deferred tax:		
Income for year (Note 9(c))	(77)	–
Income tax expense (Note 9 (b))	**468**	**244**

(b) Factors affecting tax charge for the year
The tax assessed for the year is higher than the standard rate of corporation tax in the Republic of Ireland of 12.5%. The differences are explained below.

	€'000	€'000
Profit on ordinary activities before taxation	3,081	2,451
Profit on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	385	306
Effects of:		
Items not deductible for tax	37	11
Depreciation in excess of capital allowances	4	1
Passive income taxed at a higher rate	35	7
UK income taxed at a higher rate	27	13
Utilisation of tax losses	(22)	(102)
Underprovision in prior year	2	8
Income tax expense (Note 9 (a))	**468**	**244**

(c) Deferred income tax
Deferred income tax at 31 December relates to the following:

	Consolidated Balance Sheet		Consolidated Income Statement	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Deferred tax liability				
Fair value adjustments on acquisition	(569)	–	50	–
	(569)	–	50	–
Deferred tax asset				
Share-based payment	27	–	27	–
	27	–	27	–
Deferred tax income			**77**	**–**
Deferred tax liabilities net	**(542)**	**–**		

At 31 December 2007, there was no recognised deferred tax liability (2006 – €nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

10. (LOSS)/PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO GROUP SHAREHOLDERS

	2007 €'000	2006 €'000
(Loss)/Profit on ordinary activities after tax in the holding company amounted to	(20)	6

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.

11. 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 weighed 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:

	2007 €'000	2006 €'000
Net profit attributable to equity holders of the parent	2,613	2,207

	2007 thousands	2006 thousands
Basic weighted average number of shares	69,567	52,933
Dilutive potential ordinary shares:		
Employee share options	3,868	4,147
Deferred consideration	45	–
Diluted weighted average number of shares	**73,480**	**57,080**

12. ADJUSTED EARNINGS PER ORDINARY SHARE

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

	2007 €	2006 €
Adjusted basic EPS	**0.049**	**0.043**
Adjusted diluted EPS	**0.046**	**0.040**

Adjusted net income is calculated as:

	2007 €'000	2006 €'000
Profit after tax	2,613	2,207
Share option cost	153	56
Interest on deferred consideration	249	–
Amortisation	394	–
	3,409	2,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT

	Computer Hardware & Equipment €'000	Leased Equipment €'000	Fixtures & Fittings €'000	Total €'000
Cost:				
At 1 January 2006	297	80	38	415
Additions	141	–	24	165
At 1 January 2007	438	80	62	580
Additions	71	–	10	81
On acquisition of subsidiaries	22	–	–	22
At 31 December 2007	531	80	72	683
Depreciation:				
At 1 January 2006	245	80	38	363
Charge	50	–	2	52
At 1 January 2007	295	80	40	415
Charge	83	–	11	94
At 31 December 2007	378	80	51	509
Net book value:				
At 31 December 2007	**153**	**–**	**21**	**174**
At 31 December 2006	143	–	22	165
At 1 January 2006	52	–	–	52

14. INTANGIBLE ASSETS

	Goodwill €'000	Software €'000	Other €'000	Total €'000
Cost:				
At 1 January 2006 and 1 January 2007	1,112	–	–	1,112
Arising on acquisitions	22,735	–	4,989	27,724
Additions	–	166	–	166
At 31 December 2007	23,847	166	4,989	29,002
Amortisation				
At 1 January 2006 and 1 January 2007	–	–	–	–
Charge	–	–	394	394
At 31 December 2007	–	–	394	394
Carrying value:				
At 31 December 2007	**23,847**	**166**	**4,595**	**28,608**
At 31 December 2006	1,112	–	–	1,112
At 1 January 2006	1,112	–	–	1,112

Under previous GAAP (Irish GAAP) goodwill was capitalised and the related amortisation, based on a useful life of seven years, was charged against operating income in the Income Statement on a straight line basis from the date of initial recognition. The net book value of this goodwill as at the IFRS transition date (1 January 2006) has been treated as the deemed cost and is subject to impairment testing on an annual basis.

15. IMPAIRMENT TESTING OF GOODWILL

Goodwill of €8,499,000 acquired through business combinations has been allocated to the B2C cash-generating unit and reviewed for impairment.

€15,348,000 goodwill arising on the acquisition of Red Circle Technologies Ltd has not been allocated to a cash-generating unit. In accordance with IFRS 3 Business Combinations, management has reflected provisional values on the initial purchase price allocation calculation performed. All adjustments to these provisional values will be finalised within 12 months of the date of acquisition and the goodwill will be allocated to a cash-generating unit.

B2C cash-generating unit

The recoverable amount of the B2C unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a one-year period. The pre-tax discount rate applied to cash flow projections is 10.3% and cash flows beyond the one-year period are extrapolated using an initial 10% growth rate for 2009 (the same as the long term average growth rate for the industry), diminishing thereafter.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the B2C cash-generating unit is most sensitive to the following assumptions:

- Discount rates
- Revenue projections during the budget period
- Growth rate used to extrapolate cash flows beyond the budget period.

Discount rates

Discount rates reflect management's estimate of the risks specific to the B2C cash-generating unit. In determining the appropriate discount rate, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

Revenue projections

These projections are important because, as well as using industry data for growth rates (as noted above), management assess how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's market share to be stable over the budget period.

Growth rate estimates

Rates are based on published industry research.

With regard to the assessment of value of the B2C cash-generating unit, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

16. TRADE AND OTHER RECEIVABLES

(all current)	2007 €'000	2006 €'000
Trade receivables	8,313	2,648
Prepayments	628	126
VAT recoverable	239	–
Corporation tax recoverable	–	22
	9,180	2,796

Trade receivables are non-interest-bearing and are generally on 30-day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2007, there was a general impairment provision of €2,000 (2006 – €5,000). Movements in the general provision for the impairment of receivables were as follows:

	2007 €'000	2006 €'000
At 1 January	5	6
Charge for the year	12	1
Utilised	(15)	(2)
At 31 December	**2**	**5**

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total €'000	Neither past due nor impaired €'000	Past due but not impaired < 30 days €'000	30–60 days €'000	60–90 days €'000	> 90 days €'000
2007	**8,313**	**7,029**	**754**	**256**	**105**	**169**
2006	2,648	2,427	181	33	2	5

17. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	2007 €'000	2006 €'000
Cash at bank	12,104	7,491

18. ISSUED CAPITAL AND RESERVES

	2007 €'000	2006 €'000
Authorised:		
3,600,000,000 ordinary shares of €0.001 each	3,600	3,600

	Thousands	€'000
Issued and fully paid:		
At 1 January 2006 (ordinary shares of €0.01 each)	2,630	26
Issued on 27 September 2006 for cash on exercise of share options	99	1
Conversion of Redeemable Preference Shares on 27 September 2006	926	9
Conversion to ordinary shares of €0.001 each on 27 September 2007	36,550	36
Capitalisation issue on 27 September 2007	14,621	15
Issued on AIM Floatation on 31 October 2006	16,667	17
At 1 January 2007	67,838	68
Issued on 18 April 2007 for cash on exercise of share options	337	–
Issued on 20 April 2007 as part consideration in respect of Eirborne Text Promotions Ltd	1,133	2
Issued on 1 August 2007 for cash on exercise of share options	182	–
Issued on 13 December 2007 as part consideration in respect of Red Circle Technologies Ltd	11,316	11
	80,806	81

	Foreign Currency Translation Reserve €'000	Share-based Payment Reserve €'000	Total €'000
At 1 January 2007	–	99	99
Movements	(19)	153	134
At 31 December 2007	**(19)**	**252**	**233**

	Foreign Currency Translation Reserve €'000	Share-based Payment Reserve €'000	Total €'000
At 1 January 2006	–	43	43
Movements	–	56	56
At 31 December 2006	**–**	**99**	**99**

19. TRADE AND OTHER PAYABLES

(all current)	2007 €'000	2006 €'000
Trade payables and accruals	**8,720**	1,928
PAYE/PRSI	**307**	136
VAT	**346**	532
Loan interest	**56**	–
	9,429	**2,596**

20. COMMITMENTS AND CONTINGENCIES

Interest-bearing loans and borrowings (€14,950,000 – see Note 21) may become repayable on demand in certain circumstances.

Government grants receivable of €91,000 may become repayable in certain circumstances.

At 31 December 2007, the Group had commitments of €47,000 (2006 – €nil) relating to the acquisition and installation of software from a third party supplier.

21. INTEREST-BEARING LOANS AND BORROWINGS

	Effective Interest Rate	Maturity	2007 €'000	2006 €'000
Current				
€14.9m bank loan	6.953%	2008	2,534	–
Non-current				
€14.9m bank loan	6.953%	2009–2013	12,416	–

This loan is repayable in equal quarterly instalments of €633,000 commencing in March 2008. The loan is secured by a first debenture over the property assets and undertaking of zamano plc and each material subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

	At 31. 12. 07 Ordinary Shares	At 01. 01. 07 Ordinary Shares
Rod A. Matthews	2,436,742	3,315,328
Brendan Mullin	2,071,126	2,071,126
John O'Shea	1,540,000	1,540,000
Colin Tucker	83,333	83,333
Aoife Warren	14,000	14,000
Michael Watson	8,333	8,333

The directors and secretary held options to subscribe for ordinary shares in the company as follows:

	31. 12. 07		01. 01. 07	
	Shares	Exercise Price	Shares	Exercise Price
Rod A. Matthews	630,000	€0.134	630,000	€0.134
Brendan Mullin	350,000	€0.355	350,000	€0.355
John O'Shea	1,602,000	€0.001, €0.134 & €0.420	1,302,000	€0.001 & €0.134
Colm Saunders	500,000	€0.350	–	–
Colin Tucker	350,000	€0.355	350,000	€0.355
Aoife Warren	199,200	€0.001, €0.134 & €0.420	109,200	€0.001 & €0.134
Michael Watson	350,000	€0.355	350,000	€0.355

23. RELATED PARTY DISCLOSURES

Included in revenue are service fees of €19,330 (2006 – €9,974) charged to Deisecom Limited, a company owned by Niall McKeon who is a former director of the company.

Included in administrative expenses are consultancy fees of €nil (2006 – €37,500) charged by Rod Matthews, a director of the company.

Compensation of key management	2007 €'000	2006 €'000
Short-term employee benefits	1,548	1,102
Share-based payment	128	39
	1,676	1,141

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash, which arise directly from its operations.

It is the Group's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies for managing each of these risks is summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable debt rates. To manage this, the Group entered into a fixed interest rate agreement in January 2008. This agreement covers €10,221,000 of the long term borrowings at 31 December 2007.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no impact on the Group's equity.

	Increase/ Decrease in basis points	Effect on profit before tax €'000
2007	+15	(1)
	–15	1

The Group had no borrowings in 2006.

Foreign currency risk

As a result of a significant presence in the United Kingdom, the Group's Balance Sheet can be affected significantly by movements in the UK£/Euro exchange rates. The Group seeks to mitigate the effect of this by entering into forward currency contracts to convert Sterling to Euros at an agreed exchange rate on a set future date.

The Group has transactional currency exposures arising from sales or purchases in currencies other than the Group's presentation currency. To minimise this exposure costs and the related revenue are incurred in the same currency where practical.

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling exchange rate, with all other variables held constant, of the Group's profit before tax and equity.

	Increase/ Decrease in UK £ rate	Effect on profit before tax €'000	Effect on equity €'000
2007	+10%	68	18
	–10%	(68)	(18)
2006	+10%	63	10
	–10%	(63)	(10)

Credit risk

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying value as disclosed in Note 16.

Liquidity risk

The Group monitors its risk to a shortage of funds by monitoring of the maturity of its financial assets, principally trade receivables, and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand €'000	< 12 months €'000	1 to 5 years €'000	> 5 years €'000	Total €'000
Year ended 31 December 2007					
Interest-bearing loans & borrowings	–	3,518	12,305	2,644	18,467
Interest on long term borrowings	–	56	–	–	56
Acquisition accrual	–	8,410	–	–	8,410
Trade and other payables	8,720	–	–	–	8,720
	8,720	**11,984**	**12,305**	**2,644**	**35,653**
Year ended 31 December 2006					
Trade and other payables	1,928	–	–	–	1,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Group monitors capital on the basis of the net debt ratio, i.e. the ratio of net debt to net debt plus equity. Net debt is calculated as long term borrowings less cash and cash equivalents. All components of equity are included in the denominator of the calculation.

At 31 December 2007, the net debt ratio was 17.45% (2006: (85.54%)).

	2007 €'000	2006 €'000
Long term borrowings	**14,950**	–
Cash and cash equivalents	**(12,104)**	(7,491)
Net debt	**2,846**	(7,491)
Equity	**16,305**	8,757
Net debt ratio	**17.45%**	(85.54%)

25. RECONCILIATIONS FROM IRISH GAAP TO IFRS

Up to and including 31 December 2006, the Group prepared consolidated financial statements in accordance with Irish Generally Accepted Accounting Practice (GAAP).

Detailed explanations of the adjustments made to the full-year 2006 Group Income Statement and the Group Balance Sheet as at 31 December 2006 have been provided in the document entitled "Adoption of International Financial Reporting Standards: Restatement of 2006 Financial Information" which was published on 20 September 2007 and which is available on the Group's website www.zamano.com. The following is a brief synopsis of the principal changes on transition to IFRS:

Overview

The transition date to IFRS (being the beginning of the period for which the Group presents full comparative information under IFRS in its first IFRS financial statements as stipulated under IFRS 1 First-time Adoption of International Financial Reporting Standards) was 1 January 2006. The standards which gave rise to the most significant changes to the consolidated results of the Group on transition to IFRS were IFRS 3 Business Combinations and IAS 18 Revenue.

Principal exemptions availed of on transition to IFRS

In accordance with IFRS 1, which establishes the framework for transition to IFRS by a first-time adopter, the Group has elected to avail of a number of specified exemptions from the general principal of retrospective restatement as follows:

(a) Business combinations prior to 1 January 2006 have not been restated to comply with IFRS 3 Business Combinations. Accordingly, goodwill as at the transition date is carried forward at its net book value and is subject to annual impairment testing in accordance with IAS 36 Impairment of Assets. As required under IFRS 1, goodwill was assessed for impairment as at the transition date and no impairment resulted from this exercise.

(b) Cumulative translation differences on foreign operations are deemed to be zero at 1 January 2006. Any gains and losses recognised in the Consolidated Income Statement on subsequent disposals of foreign operations will therefore exclude translation differences arising prior to the transition date.

None of the other exemptions contained in IFRS 1 are considered to have a material impact on the financial statements.

Group Income Statement for the year ended 31 December 2006

	Irish GAAP €'000	Impact on transition to IFRS (i) Business Combinations IFRS 3 €'000	(ii) Revenue IAS 18 €'000	Restated under IFRS €'000
Revenue	13,357	–	(1,005)	12,352
Cost of sales	(8,134)	–	1,005	(7,129)
Gross Profit	5,223	–	–	5,223
Administrative expenses	(3,040)	209	–	(2,831)
Operating Profit	2,183	209	–	2,392
Finance revenue	85	–	–	85
Finance costs	(26)	–	–	(26)
Profit before tax	2,242	209	–	2,451
Income tax expense	(244)	–	–	(244)
Profit for the Year Attributable to Equity Holders of the Parent	**1,998**	**209**	**–**	**2,207**

Notes in relation to adjustments made on transition to IFRS:

(i) Cessation of goodwill amortisation post the IFRS transition date.

(ii) Under Irish GAAP, revenue from the provision of mobile data services was recognised net of revenue share payments to network operators. In accordance with IFRS, where the Group acts as a principal supplier of mobile phone content, entertainment and other services, revenue is recorded before the deduction of revenue share payments to network operators and, where the Group acts as a service provider to third parties, turnover is recorded net of revenue share payments to third parties and network operators.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. RECONCILIATIONS FROM IRISH GAAP TO IFRS (CONTINUED)

Group Balance Sheet as at 31 December 2006

	Irish GAAP €'000	Impact on transition to IFRS (i) Business Combinations IFRS 3 €'000	Restated under IFRS €'000
Assets			
Non-current Assets			
Property, plant and equipment	165	–	165
Intangible assets	903	209	1,112
	1,068	209	1,277
Current Assets			
Trade and other receivables	2,796	–	2,796
Cash and cash equivalents	7,491	–	7,491
	10,287	–	10,287
Total Assets	**11,355**	**209**	**11,564**
Equity			
Equity attributable to equity holders of the parent			
Equity share capital	68	–	68
Share premium	6,367	–	6,367
Capital conversion reserve	1	–	1
Other reserves	99	–	99
Retained earnings	2,013	209	2,222
Total Equity	8,548	209	8,757
Liabilities			
Current Liabilities			
Trade and other payables	2,596	–	2,596
Income tax payable	211	–	211
Total Liabilities	2,807	–	2,807
Total Equity and Liabilities	**11,355**	**209**	**11,564**

Note in relation to adjustments made on transition to IFRS:

(i) Cessation of goodwill amortisation post the IFRS transition.

Group Cash Flow Statement for the year ended 31 December 2006

	Irish GAAP €'000	Impact on transition to IFRS: Business Combinations IFRS 3 €'000	Restated under IFRS €'000
Cash Flows from Operating Activities			
Operating profit	2,183	209	2,392
Adjustments for			
Depreciation	52	–	52
Share-based payments expense	56	–	56
Amortisation of goodwill	209	(209)	–
Increase in trade and other receivables	(850)	–	(850)
Increase in trade and other payables	663	–	663
Cash generated from operations	2,313	–	2,313
Interest paid	(5)	–	(5)
Income tax paid	(67)	–	(67)
Net Cash Inflow from Operating Activities	2,241	–	2,241
Cash Flows from Investing Activities			
Payment of deferred consideration on purchase of Enabletel	(252)	–	(252)
Purchase of property, plant and equipment	(165)	–	(165)
Interest received	85	–	85
Net Cash Outflow from Investing Activities	(332)	–	(332)
Cash Flows from Financing Activities			
Net proceeds from issue of share capital	4,899	–	4,899
Net Cash Inflow from Financing Activities	4,899	–	4,899
Net Increase in Cash and Cash Equivalents	6,808	–	6,808
Cash and Cash Equivalents at 1 January 2006	683	–	683
Cash and Cash Equivalents at 31 December 2006	**7,491**	**–**	**7,491**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. RECONCILIATIONS FROM IRISH GAAP TO IFRS (CONTINUED)

Group Transition Balance Sheet as at 1 January 2006

	Impact on transition to IFRS	
	Irish GAAP	Restated under IFRS
	€'000	€'000
Assets		
Non-current Assets		
Property, plant and equipment	52	52
Intangible assets	1,112	1,112
	1,164	1,164
Current Assets		
Trade and other receivables	1,924	1,924
Cash and cash equivalents	683	683
	2,607	2,607
Total Assets	**3,771**	**3,771**
Equity		
Equity attributable to equity holders of the parent		
Equity share capital	26	26
Share premium	622	622
Capital conversion reserve	1	1
Other reserves	43	43
Retained earnings	15	15
Total Equity	707	707
Liabilities		
Current Liabilities		
Trade and other payables	1,892	1,892
Income tax payable	13	13
Deferred consideration	252	252
	2,157	2,157
Non-current Liabilities		
Series "A" Convertible Redeemable Preference Shares	907	907
Total Liabilities	3,064	3,064
Total Equity and Liabilities	**3,771**	**3,771**

26. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 7 April 2008.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	2007 €'000	2006 €'000
Assets Employed			
Fixed Assets			
Financial assets	2	29,561	1,705
Current Assets			
Debtors – within one year	3	228	33
– after more than one year	3	407	4,797
Cash at bank		7,721	640
		8,356	5,470
Creditors (Amounts Falling Due Within One Year)	4	(11,620)	(31)
Net Current (Liabilities)/Assets		(3,264)	5,439
Total Assets Less Current Liabilities		26,297	7,144
Creditors (Amounts Falling Due After More Than One Year)	5	(15,384)	(1,012)
		10,913	6,132
Capital and Reserves			
Called up share capital	7	81	68
Share premium	8	11,155	6,367
Capital reserve	9	1	1
Profit and loss account	10	(324)	(304)
Shareholders' Funds	10	10,913	6,132

Approved by the Board

John O'Shea and Colm Saunders
Directors
7 April 2008

NOTES TO THE COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with the Companies Acts, 1963 to 2006 and Generally Accepted Accounting Practice in the Republic of Ireland (Irish GAAP).

Investments

Fixed asset investments, including investments in subsidiaries, are stated at cost and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Foreign currencies

The reporting currency of the Company is the Euro. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date or at the appropriate forward contract rate, with a corresponding charge or credit to the profit and loss account.

2. FINANCIAL FIXED ASSETS

	2007 €'000	2006 €'000
Shares at cost less amounts written off:		
Investments in group companies		
As at 1 January	1,705	1,705
Acquired in year	27,856	–
As at 31 December	29,561	1,705

The investments in group companies comprise:

- 3 ordinary shares in Zamano Solutions Limited, comprising 100% of the 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 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 Eirborne Text Promotions Ltd comprising 100% of the share capital of that company, acquired in April 2007. Eirborne Text Promotions Limited has its registered office at 4 St. Catherine's Lane West, Digital Hub, Dublin 8 and is engaged in mobile text promotion and telecommunications marketing.
- 1,120,130 Ordinary Shares and 100 "A" Ordinary Shares in Red Circle Technologies Limited comprising 100% of the share capital of that company, acquired in December 2007. Red Circle Technologies Limited has its registered office at 4 St. Catherine's Lane West, Digital Hub, Dublin 8 and is engaged in the provision of digital entertainment to mobile devices.
- 100 Ordinary Shares in Enabletel Limited comprising 100% of the share capital of that company, acquired in 2005. Enabletel Limited has its registered office at 4 St. Catherine's Lane West, Digital Hub, Dublin 8 and was engaged in the purchase of media services on behalf of group companies. Enabletel Limited ceased to trade from 1 January 2008.
- 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 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.
- **Held by Eirborne Text Promotions Ltd:**
  - 1 Ordinary share of Megastar.co.uk Limited comprising 100% of the share capital of that company. Megastar.co.uk Limited is incorporated in the United Kingdom and does not trade.
  - 1,000 shares of Eirborne Corporation comprising 100% of the common stock of that company. Eirborne Corporation is incorporated in the United States of America and does not trade.
- **Held by Red Circle Technologies Ltd:**
  - 100 ordinary shares of Red Circle Inc. comprising 100% of the share capital of that company. Red Circle Inc. is incorporated in the United States of America and does not trade.

3. DEBTORS

	2007 €'000	2006 €'000
(amounts falling due within one year)		
Trade debtors and prepayments	42	33
VAT recoverable	186	–
	228	33
(amounts falling due after more than one year)		
Amounts owed by subsidiary undertakings	407	4,797
	635	4,830

4. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2007 €'000	2006 €'000
Trade creditors and accruals	549	30
Acquisition accrual	8,410	–
Corporation tax	71	1
Interest on long term borrowings	56	–
Long term borrowings (Note 6)	2,534	–
	11,620	31

5. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2007 €'000	2006 €'000
Amounts owed to subsidiary undertakings	2,968	1,012
Long term borrowings (note 6)	12,416	–
	15,384	1,012

6. LONG TERM BORROWINGS

The long term borrowings are secured by a first debenture over the property assets and undertaking of zamano plc and each material subsidiary.

7. CALLED UP SHARE CAPITAL

	2007 €'000	2006 €'000
3,600,000,000 Ordinary Shares of €0.001 each	3,600	3,600
Issued and fully paid:		
80,806,151 (2006: 67,838,332) Ordinary Shares of €0.001 each	81	68

NOTES TO THE COMPANY BALANCE SHEET (CONTINUED)

8. SHARE PREMIUM

	2007 €'000	2006 €'000
At beginning of year	**6,367**	622
Premium on shares issued during the year	**4,788**	5,903
Issue expenses	–	(1,041)
Capitalisation issue	–	(15)
Share conversion	–	898
At end of year	**11,155**	**6,367**

9. CAPITAL RESERVE

	2007 €'000	2006 €'000
Renominalisation to Euro	**1**	1

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital €'000	Share Premium €'000	Capital Conversion Reserve €'000	Profit and Loss Account €'000	Total Shareholders' Funds €'000
At 1 January 2007	68	6,367	1	(304)	6,132
Shares issued	13	4,788	–	–	4,801
Loss for the year	–	–	–	(20)	(20)
At 31 December 2007	**81**	**11,155**	**1**	**(324)**	**10,913**

11. APPROVAL OF FINANCIAL STATEMENTS

The company financial statements were approved and authorised for issue by the board of directors on 7 April 2008.

BUSINESS AT ANNUAL GENERAL MEETING TO BE HELD ON 17 JULY 2008

ORDINARY BUSINESS

Resolution 1 – Financial statements
The Directors' Report and Financial Statements for the year ended 31 December 2007 accompany this notice of meeting.

Resolution 2 – Directors
The board recommends the election of Rod Matthews, retiring by rotation. Further information about Rod Matthews is given on page 9.

Resolution 3 – Directors
The board recommends the election of Colin Tucker, retiring by rotation. Further information about Colin Tucker is given on page 9.

Resolutions 4 and 5 – Auditors' reappointment and remuneration
Ernst & Young, Waterford, have resigned as auditors to the Company and KMPG have been appointed in their stead. Resolution 4 reappoints KMPG as auditors. This resolution and resolution 5 (auditors' 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 17 October 2009, whichever is the earlier.

Resolution 7 – Amendment of share option scheme
This is an ordinary resolution amending the Company's share option scheme so that the limit of 10% of the number of issued shares will be applicable only to the number of shares which are issued under that share option scheme and not to shares issued under any other share schemes which are or may be put in place by the Company.

Resolution 8 – Disapplication 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 issued share capital of the Company at the date of the meeting. 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 17 October 2009, 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 Registrar 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 reappointment), which together amount to 6,139,534 ordinary shares comprising 7.6% 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 11.30 am on 17 July 2008 at the Conrad Hotel, Earlsfort Terrace, Dublin 2 to consider and, if thought fit, pass the following Resolutions, of which 1 to 7 will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution.

1. To receive and adopt the financial statements for the year ended 31 December 2007 and the reports of the directors and auditors thereon.
2. To re-elect Rod Matthews as a director, who retires by rotation in accordance with article 84 of the Articles of Association.
3. To re-elect Colin Tucker as a director, who retires by rotation in accordance with article 84 of the Articles of Association.
4. To reappoint KPMG as auditors of the Company.
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 17 October 2009, 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 an Ordinary Resolution

   That the rules of the zamano plc Share Option Scheme be and are hereby amended by the deletion from Rule 4.2(i) of the words "and under any other employee share scheme".
8. 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 1990 Act 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 share 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 recognised 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 17 October 2009, 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
19 June 2008

(1) A member entitled to attend, speak and vote is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote on his/her behalf.
(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 Registrar of 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.
(7) Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996, only those shareholders on the Register of Shareholders at 4.00 pm on 15 July 2008 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)
Brendan Mullin
John O'Shea
Colm Saunders
Colin Tucker (UK)
Michael Watson (UK)

SECRETARY
Aoife Warren

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

AUDITORS
KMPG
Chartered Accountants
1 Stokes Place
Dublin 2

BANKERS
– Allied Irish Bank plc
– Anglo Irish Bank Corporation
– Bank of Ireland
– Bank of Scotland (Ireland)
– Lloyds TSB Bank plc
– Ulster Bank

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

NOMINATED ADVISER & BROKER – AIM
Seymour Pierce Ltd
20 Old Bailey
London EC4M 7EN

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

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