zamano

COMPELLING MOBILE INTERACTION™

ANNUAL REPORT

Annual Report & Accounts 2009

for the year ended 31 December 2009

≥ zamano is a leading provider of interactive applications and services to mobile devices.

Contents

www.zamano.com

Headquartered in Dublin, Ireland, and quoted on London's AIM and Dublin's IEX stock markets, zamano has experienced very substantial growth since 2003.

Highlights of the Year

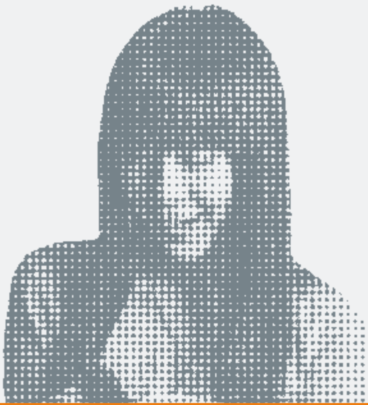
Operational

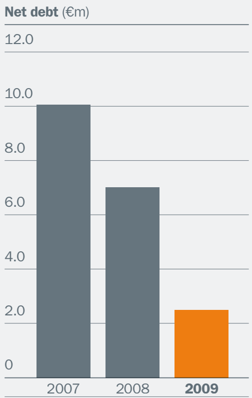
≥ **Accelerated adoption of mobile advertising**
≥ **Organic growth in the US, Spain and South Africa**
≥ **Increased investment in New Generation Mobile**
≥ **Completed €2.5m fundraising in December 2009**

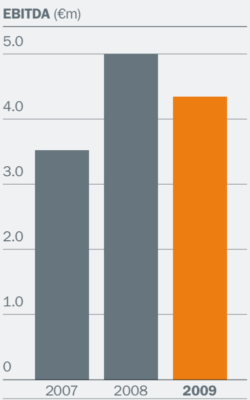
Financial

Strengthening balance sheet – net debt down to

€2.2m





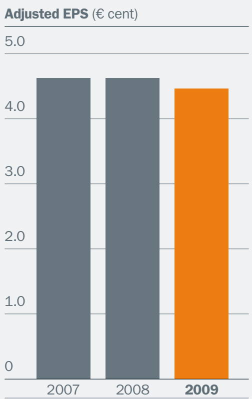


Solid EBITDA returns

€4.3m

Consistent adjusted EPS performance

€4.4c



Chairman's Statement
Mike Watson

≥ The Board is confident that the Group has the fundamental strengths to take advantage of these opportunities.

"Working with the management team to successfully invest these funds to capitalise on the growth opportunities."

Mike Watson
Chairman

Against a backdrop of substantial regulatory and economic challenges, it is pleasing to deliver a solid set of results, particularly in terms of profits, cash generation and net debt reduction.

On a bottom line basis the Group returned to profitability with a profit after tax of €1.1 million (2008: loss €3.8 million). This was achieved by improving gross margin, reducing operating costs and, in addition, there were no impairment costs (2008: €5.0 million).

In 2009 revenue declined by 39% to €25.1 million, due to the transition to higher margin, lower volume revenue and the shift away from advertising services on print and TV promotions to advertising on mobile devices. The UK market contributed to 80% of the decline with the balance in Ireland and Australia. The Group profitably grew revenue organically in the US, Spain and South Africa, which, together contributed 18% of total revenue (2008: 9%). The shift to higher margin revenue, increased effectiveness of mobile advertising and improved performance metrics drove gross margins to 34% (2008: 28%).

The market for the provision of interactive mobile content and applications is in a period of rapid change. These changes include:

(i) new market entrants, who are now focused on the mobile as their primary engine for growth;
(ii) decline in the relative importance of the Mobile Network Operators, as users can access services over WiFi and make payments through alternative billing models;

(iii) market fragmentation – multiple new handsets, application stores and billing methodologies offering an ever-broadening range of products and services;
(iv) the rapid growth of highly effective mobile advertising and search services, offering real-time, targetable and personalised mobile marketing opportunities; and
(v) new regulatory frameworks in all markets.

These changes are disrupting the value chain, and are presenting significant challenges, but also opportunities, for all players in the mobile industry, including zamano. The Board is confident that the Group has the fundamental strengths and the flexibility to adapt and to take advantage of these opportunities and has adapted its strategy to maximise opportunities presented by these changes.

In the Group's Interim Results on 23 September 2009, I announced a process to identify investment opportunities to accelerate the Group's growth plans. As part of this process the Group subsequently completed a €2.5 million fundraising with the Ulster Bank Diageo Venture Fund, to provide capital to invest in the above growth initiatives and to strengthen the balance sheet.

The Group has aligned its strategy to maximise the opportunities presented by these changes and to this effect, the Board has increased investment in two key areas to drive growth.

Having taken over the position of Chairman in late 2009, I am working with the management team to successfully invest these funds to capitalise on the growth opportunities in our industry and to build upon the solid platform of our business across six territories.

Mike Watson
Chairman

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Chief Executive Officer's Statement
John O'Shea

≥ The Board is confident that these investments will result in zamano being well positioned to take advantage of growth opportunities in the sector.

John O'Shea
Chief Executive Officer

As zamano enters its tenth year of operations, the Group is undergoing significant changes in terms of business strategy and personnel in response to the fundamental changes underway in the mobile industry. The period from mid 2008 to now has presented the Company with new challenges, as the industry evolved at an unexpectedly rapid pace. Combined with the impact of the economic downturn and significant regulatory changes, this phase of the Company's evolution is seeing rapid technical and commercial shifts. It is my expectation that these very rapid adjustments will enable zamano to emerge with a stronger market position in the year ahead.

Market review

There has been a fundamental disruption in the mobile industry, brought about through the entry of Apple and Google and the widespread adoption of mobile broadband. The iPhone has demonstrated the full potential of mobile technology to deliver compelling interaction and experiences to consumers. This has provoked other handset manufacturers and new entrants such as Google to think 'Mobile first' when planning new developments and to introduce enhanced smart-phones with a multitude of new services. Mobile search is now finally a viable technology, and is helping discoverability and navigation through the mobile internet. Use of WiFi has presented low-cost and free data download capabilities to consumers, and is of particular benefit for data intensive content and services.

The disruption is not without its downside for traditional players in the mobile industry. Mobile Network Operators are seeing little of the new revenues emanating from application sales and advertising, and are facing the challenge of delivering ever-increasing data volumes over their networks for little extra revenue.

The impact of these changes on zamano is mixed. On the positive side, mobile advertising and search technologies offer the Group the potential to improve discovery of its services by mobile consumers in multiple geographies. The potential negative impact is that many of the new services being made available via smart-phones are free, and compete with zamano's offerings.

zamano's strategy

While smart-phones at this point represent a small percentage of the global market, it is zamano's contention, backed by industry analysts, that they will constitute the majority of handsets in the Group's core markets by 2012.

This transition in the market is driving zamano's strategy, which broadly encompasses the following:

(i) improving our technology to accommodate better discovery of our services by taking advantage of the growth in mobile advertising and search. The Group is looking both to expand coverage of mobile advertising in existing markets and to enter new markets. In Spain and South Africa mobile advertising is the Group's sole route to market. To support this expansion the Group is investing in integration with more partners as well as improving reporting and analytical capabilities.

(ii) enhancing our technology platform to improve the mobile user's experience by delivering a suite of new offerings for consumers and brands, regardless of the type of handset being used. This will enable the Group, based upon its heritage of delivering compelling mobile interactive services, to target consumers directly or with partners on both smart-phones and feature phones. The Group has branded this development New Generation Mobile. Pan-device functionality and user identification are the key drivers of this initiative. Mobile services must of necessity span all handset types and must enable direct one-to-one communications with users.

Executing on this strategy successfully is the key to the Group's future. To this effect, we can report on points of progress to date.

Improved discovery

Geographic expansion/mobile advertising

The Group has expanded the percentage of users targetable by mobile advertising over the last 12 months and this trend is expected to continue.

Percentage of users targetable via mobile advertising

	June 2009	Dec 2009
Ireland	70%	100%
USA	0%	15%
UK*	0%	15%
Spain	40%	90%
South Africa	0%	80%
Australia	0%	15%

*In the UK mobile advertising requires Payforit billing which is currently ineffective on most networks.

Secondly, the Group has accelerated the shift in the mix of advertising spend over the last 12 months to mobile advertising.

Mix of advertising spend

	Print/TV	Web	Mobile
Dec 2008	69%	15%	16%
June 2009	48%	32%	20%
Dec 2009	38%	9%	53%

New Generation Mobile

Having explored many different approaches and ideas in the last six months, zamano's longer term strategy for New Generation Mobile is now clearer. Incorporating application development across multiple platforms, the core focus is on delivering compelling interactive mobile experiences to individual users, to corporates, and between multiple users. Projects are currently under development and details will be announced closer to launch.

Chief Executive Officer's Statement
continued

≥ The Group experienced organic revenue growth of 11% in the United States as well as considerable expansion in Spain and market entry in South Africa.

Financial review
Revenues declined in 2009 to €25.1 million (2008: €41.4 million) primarily due to a 67% decline in UK revenue, as well as a smaller 17% decline in Ireland and 54% decline in Australia. The introduction of new regulations, combined with the relative inflexibility of the Payforit billing mechanism and a decline in the effectiveness of print and TV advertising relative to other markets, has reduced the revenue from mobile content in the UK and the Group therefore decided to scale back its UK activities and focus on other more attractive geographies.

The Group experienced organic revenue growth of 11% in the United States as well as considerable expansion in Spain and market entry in South Africa.

Revenues were carefully managed by focusing on higher margin revenue and the introduction of advertising controls and metrics which helped increase gross margins to 34% (2008: 28%).

As part of the transition, administrative expenses were reduced by 34% to €4.4 million; this was achieved through strong cost controls and with the benefit of research and development credits.

The Group's EBITDA declined by 14% to €4.3 million (2008: €5 million). EBITDA margin increased to 17% (2008: 12%).

The Group's profit after tax increased to €1.1 million (2008: loss €3.8 million). This improvement is due to reducing interest cost, lower tax and no impairment charge.

Gross debt at year end was €9.2 million (2008: €12.9 million) and net cash was €7.0 million (2008: €5.7 million). Net debt at year end was €2.2 million (2008: €7.2 million), and cash generated from operations was €4.6 million (2008: €4.9 million). This highlights the continued strong cash generative business model that underpins the Group's activities. The net debt is only .51 times 2009 EBITDA, which indicates a low balance sheet risk.

The group has entered into forward contracts for Sterling, US Dollars and Australian Dollars to hedge estimated cash balances through 2010.

Conclusion
Having secured investment late in 2009, zamano is now investing to meet the challenges of the market, staking out a differentiated and sustainable presence, through the New Generation Mobile initiative.

The Board is confident that these investments will result in zamano being well positioned to take advantage of growth opportunities in the sector.

John O'Shea
Chief Executive Officer

Board of Directors

1.

2.

3.

4.

5.

1. Michael Watson – Non-executive Chairman
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 was previously a non-executive director of OSI Group plc, Xitec plc and AIM-listed Spectrum Interactive plc.

2. John O'Shea – Chief Executive Officer
John joined zamano in 2002, becoming CEO in 2005. An electronics engineer, John worked with Siemens and AT&T in Germany and the USA for 11 years, before joining a web start-up in 1997, which he sold in 2000 for €10 million to Horizon Technologies. John obtained an MBA from the Open Business School in 1998 and has recently completed Leadership 4 Growth, a Stanford University programme.

3. Colm Saunders – Chief Financial Officer
Colm joined zamano in 2007; previously he 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 fundraising for high growth Irish companies. Colm then joined Spectel, for whom he raised US$45 million in both debt and equity funding, before selling the business to Avaya for $100 million.

4. Brendan Mullin – Non-executive Director
Brendan is Managing Director at Bank of Ireland Private Banking. Prior to that, Brendan held positions at NCB Stockbrokers and Quinlan Private Capital.

5. Colin Tucker – Non-executive Director
Colin was Deputy Chairman of Hutchison 3G Europe between 2003 and 2007. He was a founding main board director of Orange plc and Managing Director of Hutchison 3G UK (trading as 3) between 2000 and 2003. He is a non-executive director of FTSE-listed technology company Monitise plc.

Directors' Report
for the year ended 31 December 2009

The directors present the annual report and consolidated financial statements of zamano plc ('the company' or 'zamano') for the year ended 31 December 2009.

Principal activities and review of the development of the business
zamano plc and its subsidiaries ('the Group') are involved in the provision of mobile data services and technology in the United Kingdom, Ireland, the United States, Australia, South Africa and Spain. The Company itself is an investment holding company. Its shares are publicly traded on the Alternative Investment Market ('AIM') in the United Kingdom and the Irish Enterprise Exchange ('IEX') in Ireland.

The financial information presents the results and position of the Group for the year ended 31 December 2009. The financial information for each of the periods presented has been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and their interpretations adopted by the International Accounting Standards Board that were effective for 31 December 2009.

Principal risks and uncertainties and key performance indicators
Details of the Group's financial risk management objectives and policies are set out in note 25 of the consolidated financial statements. The principal non-financial risks and uncertainties that the business faces include:

- **Impact of new and evolving technology** – the Group makes assumptions over the adoption of new and evolving mobile technology and the Group's ability to deliver solutions to meet the changing demands of mobile technology. There is a risk that the Group will not succeed in adapting to new technology with a resulting negative impact on the business or that the market evolves differently to expectations. This risk is partly mitigated by the planning process undertaken by key management and directors and their assumptions are based on their years of experience of the mobile industry.
- **Recruitment and retention** – technological and marketing competence and innovation is critical to the Group's business and depends on the expertise of the directors and key employees. The Group has incentive plans, contractual arrangements, and competitive reward packages in place to secure the services of these directors and employees, however the retention of their services is not guaranteed. The market for these skills is competitive and the Group may not be able to attract and retain these employees.
- **Development of regulations** – the regulation of mobile services varies by country and evolves over time. Increased regulations in key markets may inhibit growth or affect existing business. From time to time new regulations are introduced without a notice period and can have a negative impact on the business. The directors partly mitigate this risk by having employees focused on the external regulatory environment, close co-operation with the regulators as appropriate, a strong code of conduct and a regulatory update at each board meeting.
- **Economic climate** – the Group is subject to the general risks to which all companies operating in the same market are subject, including the general macro economic climate. The risk is partly mitigated by the range of territories in which the Group operates.

Key performance indicators
The key performance indicators focused on by management are revenue, gross margin and EBITDA, all of which are noted elsewhere herein.

Financial risk management policies
The Group's activities expose it to a variety of financial risks including interest rate, foreign currency and credit risks. These financial risks are managed by the Group under policies approved by the Board, as described in note 25 to the consolidated financial statements.

Results for the year, dividends and state of affairs
Group turnover declined to €25.1 million (2008: €41.4 million) and the Group's operating profit increased to €1.5 million (2008: operating loss of €2.8 million). Further details of the financial performance have been set out in the chief executive officer's statement. The directors do not propose the payment of a dividend (2008: nil).

Future developments
The continued growth of mobile data services worldwide presents opportunities 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 Group will also seek further potential acquisition targets. The directors will continue to review the appropriateness of the Group's structures and finances as it grows.

Research and development
Research expenditure is charged to the income statement in the period in which it is incurred. Development costs on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised in line with the expected sales arising from the projects. All other development costs are written off as incurred. Investment in research and development in the year was €1,324,000 (2008: €1,278,000). This was primarily focused on the continued development of zamano's platform for mobile applications and content.

Subsidiaries
Information on the Group's subsidiaries is set out in note 2 to the Company's balance sheet.

Political donations
The Group and Company did not make any donations during the year disclosable in accordance with the Electoral Act 1997.

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. Although, under AIM and IEX rules, the Company is not obliged to comply with the provisions of the Combined Code it abides by many of the recommendations contained therein as set out below.

Audit committee

The audit committee consists of the non-executive directors with Colin Tucker as chairman. The committee meets at least two 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 meetings. The committee operates within specific terms of reference which include:

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

Remuneration committee

The remuneration committee consists of the non-executive directors with Brendan Mullin 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 and the broad pay strategy with respect to senior Company employees.

Directors' remuneration

The particulars of directors' remuneration are as shown in Note 7 to the consolidated financial statements.

Directors and secretary

The names of the persons who were directors at 31 December 2009 are set out inside the back cover. On 1 September 2009 Rod Matthews resigned as a director of the Company. On 23 November 2009 Aoife Warren resigned as company secretary and was replaced by Colm Saunders.

Directors' and secretary's interests in shares

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:

	31 December 2009			1 January 2009		
	Ordinary shares	**Share options**	**Exercise price**	Ordinary shares	Share options	Exercise price
Director						
Brendan Mullin	**2,071,126**	**350,000**	**€0.355**	2,071,126	350,000	€0.355
John O'Shea	**1,579,902**	**882,000**	**€0.001**	1,579,902	882,000	€0.001
		420,000	**€0.134**		420,000	€0.134
		300,000	**€0.420**		300,000	€0.420
Colm Saunders	**34,360**	**500,000**	**€0.350**	**34,360**	500,000	€0.350
Colin Tucker	**83,333**	**350,000**	**€0.355**	**83,333**	350,000	€0.355
Mike Watson	**8,333**	**350,000**	**€0.355**	**8,333**	350,000	€0.355
Company secretary						
Colm Saunders	**34,360**	**500,000**	**€0.350**	**34,360**	500,000	€0.350

Books of account

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

Auditors

In accordance with Section 160(2) of the Companies Act 1963, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

John O'Shea
Director
1 March 2010

Colm Saunders
Director

Statement of Directors' Responsibilities
in respect of the annual report and financial statements

The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law, and in accordance with the AIM rules issued by the London Stock Exchange and IEX rules issued by the Irish Stock Exchange, the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and applicable law and have elected to prepare the parent company financial statements in accordance with Generally Accepted Accounting Practice in Ireland ('Irish GAAP'), comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group. The Companies Acts 1963 to 2009 provide in relation to such financial statements that references in the relevant part of those Acts to financial statements giving a true and fair view are references to their achieving a fair presentation. The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Under applicable law and the requirements of the AIM and IEX rules the directors are also responsible for preparing a directors' report.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and company to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

John O'Shea
Director
1 March 2010

Colm Saunders
Director

Independent Auditor's Report
to the members of zamano plc and subsidiaries

We have audited the Group and parent company financial statements ('financial statements') of zamano plc for the year ended 31 December 2009 which comprise the Group income statement, the Group statement of comprehensive income, the Group and parent company balance sheets, the Group statement of changes in equity, the Group cash flow statement and the related notes. 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 auditor's 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 statement of directors' responsibilities on page 10 sets out the directors' responsibilities for preparing the annual report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the EU, and for preparing the parent company financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland ('Generally Accepted Accounting Practice in Ireland').

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 Group financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and have been properly prepared in accordance with the Companies Acts 1963 to 2009 and whether, in addition, the parent company financial statements give a true and fair view in accordance with Generally Accepted Accounting Principles in Ireland and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you in our opinion:

- whether proper books of account have been kept by the Company;
- whether at the balance sheet date there exists a financial situation that requires 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 parent 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 or the Listing Rules of AIM and IEX regarding directors' remuneration, or directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report, the chairman's and chief executive officer's statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

Independent Auditor's Report
(continued)

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2009 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the parent company's affairs as at 31 December 2009; and
- the Group and parent company financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Other matters

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

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 37, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2009 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.

KPMG

Chartered Accountants
Registered Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
1 March 2010

Consolidated Income Statement
for the year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
Revenue	6	**25,077**	41,414
Cost of sales		**(16,629)**	(29,936)
Gross profit		**8,448**	11,478
Other administrative expenses		**(4,374)**	(6,671)
Depreciation		**(155)**	(136)
Amortisation of intangible assets		**(2,425)**	(2,435)
Impairment of goodwill		**–**	(5,000)
Total administrative expenses		**(6,954)**	(14,242)
Operating profit/(loss)	7	**1,494**	(2,764)
Finance income	9	**78**	254
Finance expense	9	**(699)**	(1,112)
Profit/(loss) before tax		**873**	(3,622)
Income tax	10	**181**	(182)
Profit/(loss) for the year attributable to equity holders of the parent		**1,054**	**(3,804)**
Earnings/(loss) per share			
– basic	12	**€0.013**	(€0.047)
– diluted	12	**€0.012**	(€0.045)

On behalf of the Board

John O'Shea
Director
1 March 2010

Colm Saunders
Director

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2009

	2009 €'000	2008 €'000
Profit/(loss) for the period	**1,054**	(3,804)
Other comprehensive income:		
Foreign currency translation adjustment	**16**	(61)
Total comprehensive income (all attributable to equity holders of the parent)	**1,070**	**(3,865)**

Consolidated Balance Sheet
at 31 December 2009

	Notes	2009 €'000	2008 €'000
Assets			
Non-current assets			
Property, plant and equipment	14	**206**	262
Intangible assets	15	**19,762**	21,397
Deferred tax asset	10	**69**	45
		20,037	21,704
Current assets			
Trade and other receivables	17	**3,446**	5,943
Income tax recoverable		**270**	15
Cash and cash equivalents	18	**6,958**	5,744
		10,674	11,702
Total assets		**30,711**	**33,406**
Equity			
Equity share capital	19	**95**	81
Share premium		**13,442**	11,156
Capital conversion reserve		**1**	1
Foreign currency translation reserve		**(64)**	(80)
Share-based payment reserve		**576**	424
Retained earnings		**2,085**	1,031
Total equity		**16,135**	12,613
Liabilities			
Non-current liabilities			
Loans and borrowings	22	**7,478**	10,703
Deferred tax liability	10	**–**	268
		7,478	10,971
Current liabilities			
Trade and other payables	20	**4,041**	6,232
Business combination accrual	21	**1,328**	1,373
Loans and borrowings	22	**1,729**	2,211
Income tax payable		**–**	6
		7,098	9,822
Total liabilities		**14,576**	20,793
Total equity and liabilities		**30,711**	**33,406**

On behalf of the Board

John O'Shea
Director
1 March 2010

Colm Saunders
Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2009

	Equity share capital €'000	Share premium €'000	Capital conversion reserve €'000	Retained earnings €'000	Foreign currency translation reserve €'000	Share-based payment reserve €'000	Total equity €'000
At 1 January 2009	81	11,156	1	1,031	(80)	424	12,613
Total comprehensive income for the period							
Profit for the period	–	–	–	1,054	–	–	1,054
Other comprehensive income							
Currency translation adjustment	–	–	–	–	16	–	16
Total comprehensive income for the period	–	–	–	1,054	16	–	1,070
Other transactions							
Issue of equity share capital	14	2,286	–	–	–	–	2,300
Share-based payment expense	–	–	–	–	–	152	152
At 31 December 2009	**95**	**13,442**	**1**	**2,085**	**(64)**	**576**	**16,135**
At 1 January 2008	81	11,155	1	4,835	(19)	252	16,305
Total comprehensive income for the period							
Loss for the period	–	–	–	(3,804)	–	–	(3,804)
Other comprehensive income							
Currency translation adjustment	–	–	–	–	(61)	–	(61)
Total comprehensive income for the period	–	–	–	(3,804)	(61)	–	(3,865)
Other transactions							
Issue of equity share capital	–	1	–	–	–	–	1
Share-based payment expense	–	–	–	–	–	172	172
At 31 December 2008	**81**	**11,156**	**1**	**1,031**	**(80)**	**424**	**12,613**

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	2009 €'000	2008 €'000
Cash flows from operating activities		
Profit/(loss) before tax	**873**	(3,622)
Adjustments to reconcile profit/(loss) for the year to net cash inflow from operating activities		
Depreciation	**155**	136
Amortisation of intangible assets	**2,425**	2,435
Impairment of goodwill	**–**	5,000
Share-based payments expense	**152**	172
Foreign exchange	**16**	(61)
Loss on disposal of property, plant and equipment	**–**	5
Decrease in trade and other receivables	**2,502**	3,211
Decrease in trade and other payables	**(2,192)**	(3,270)
Finance income	**(78)**	(254)
Finance expense	**699**	1,112
Cash generated from operations	**4,552**	4,864
Interest paid	**(20)**	(12)
Income tax paid	**(372)**	(903)
Net cash inflow from operating activities	**4,160**	**3,949**
Cash flows from investing activities		
Payment of deferred consideration on acquisition of subsidiaries	**(45)**	(7,296)
Purchase of property, plant and equipment	**(102)**	(229)
Purchase of intangible assets	**(790)**	(17)
Interest received	**78**	279
Net cash outflow from investing activities	**(859)**	**(7,263)**
Cash flows from financing activities		
Proceeds from issue of share capital	**2,300**	1
Repayment of debt	**(4,387)**	(3,047)
Net cash outflow from financing activities	**(2,087)**	**(3,046)**
Net increase/(decrease) in cash and cash equivalents	**1,214**	(6,360)
Cash and cash equivalents at 1 January	**5,744**	12,104
Cash and cash equivalents at 31 December	**6,958**	**5,744**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2009

1 Reporting entity
zamano plc ('the Company') is a company domiciled in the Republic of Ireland. The address of the Company's registered office is 4 St. Catherine's Lane West, Digital Hub, Dublin 8.

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries ('the Group').

The Company's shares are publicly traded on the London Alternative Investment Market ('AIM') and the Irish Enterprise Exchange ('IEX') in Dublin.

The principal activities of the Group are the provision of mobile data services and technology.

2 Basis of preparation
(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and effective as at 31 December 2009. A summary of pronouncements that came into effect after that date and the likely impact of these on the Group are set out in Note 5. The consolidated financial statements were authorised for issue by the board of directors on 1 March 2010.

(b) Basis of measurement
The consolidated financial statements for the year ended 31 December 2009 have been prepared on an historical cost basis, with the exception of share-based payments, which are stated at grant date fair value, and goodwill, which is stated at cost less provision for impairment.

(c) Functional and presentation currency
These consolidated financial statements are presented in Euro ('€') which is the functional currency of the majority of the Group's entities. All financial information presented in Euro has been rounded to the nearest thousand.

(d) Basis of consolidation
The consolidated financial statements consolidate the financial statements of zamano plc and all its subsidiaries up to 31 December 2009. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group attains control.

All subsidiaries have a financial year end of 31 December.

The cost of acquisition is measured as 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.

As permitted by IFRS 1 'First Time Adoption of International Financial Reporting Standards', the Group has elected not to apply IFRS 3 'Business Combinations' retrospectively to business combinations that took place before 1 January 2006.

(e) Changes in accounting policies

(i) Overview
Starting as of 1 January 2009 the Group has changed its accounting policies in the following areas;

- determination and presentation of operating segments; and
- presentation of financial statements.

(ii) Determination and presentation of operating segments
IFRS 8 'Operating Segments' replaced IAS 14 'Segment Reporting'. IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Previously, IAS 14 required the identification of two sets of segments – one based on business units and the other on geographical area.

Our operations are organised into two business units:

- facilitating communication and interaction between companies and customers on mobile phones through a range of value-added mobile phone applications (B2B); and
- developing, providing and distributing mobile phone content and interactive services directly to consumers (D2C).

There has been no change to the operating segments as a result of the adoption of IFRS 8 and the reportable segments are consistent with those previously reported under the primary business segment required by IAS 14. Accordingly, comparative segment information has been re-presented in conformity with the transitional requirements of the standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(iii) IAS 1 (revised) 'Presentation of Financial Statements'
The revised standard requires all 'non-owner changes in equity' to be presented separately from changes in equity in a performance statement. As permitted by the standard, the Group has elected to present two performance statements: an income statement and a statement of comprehensive income. The Group presents a 'statement of changes in equity' as a primary statement. As this standard affects presentation only, there is no impact on previously reported results.

(iv) IFRS 2 'Share-based Payment'
The revision to the standard sets out the required accounting for certain non-vesting conditions attaching to share-based payments. The group has no non-vesting conditions attaching to its share option arrangements. Accordingly, this revision has no impact on the Group.

3 Summary of significant accounting policies

Other than as set out above the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

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:

Databases	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 that 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 contingent consideration
Deferred 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 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 contingent consideration due to the passage of time is recognised as a finance expense.

Any revision in the deferred contingent consideration provision arising on acquisitions prior to 2010 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.

Finance income is recognised as interest accrues using the effective interest rate method.

Notes to the Consolidated Financial Statements
(continued)

3 Summary of significant accounting policies (continued)

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, including certain qualifying tax credits, are credited to income so as to match with the expenditure to which they relate.

Research and development

Expenditure on research (or the research phase of an internal project) is recognised in the income statement 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 over the asset's useful life.

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

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.

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.

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.

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.

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 property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that 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 Euro, which is the Group's presentation currency and the functional currency of many of the Group's entities, including the parent company. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences are recognised in the income statement.

The functional currency of the Group's principal 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 exchange rates representative of actual rates 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 were 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 this 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 binomial 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, which approximates fair 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 the gross receivable and the related provision is eliminated when the probability of recovery is assessed as being unlikely.

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 expense.

Segmental reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

4 Significant accounting judgements, estimates and assumptions
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 2009 was €19,054,000 (2008: €19,054,000). Further details are provided in Notes 15 and 16.

Notes to the Consolidated Financial Statements
(continued)

4 Significant accounting judgements, 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 options, volatility and dividend yield, and making relevant assumptions thereon. The assumptions and models used are disclosed in Note 8.

5 Future changes in accounting policies

There are a number of new standards and amendments to existing standards and interpretations which are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements. Set out below is a summary of some of these standards and interpretations.

IFRS 2: Share-based payment (amendment)

The amendments incorporate 'IFRIC 8: Scope of IFRS 2' and 'IFRIC 11: IFRS-Group and treasury share transactions and expand on the guidance included in IFRIC 11 to address the classification of group arrangements which were not previously covered by that interpretation. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IFRS 3: Revised – Business combinations

The revisions to this standard address: partial and step-up acquisitions; costs associated with acquisitions, contingent consideration (measurement and recognition) and transactions with non-controlling interests. This will materially change the way business contributions are accounted for and will likely impact future combinations.

IAS 27: Consolidated and Separate Financial Statements (amendment)

The amendments to this standard arise as a consequence of the revisions introduced in IFRS 3 Revised – Business Combinations. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IAS 28: Investments in Associates (amendment)

The amendments to this standard arise as a consequence of the revisions introduced in IFRS 3 Revised – Business Combinations. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IAS 31: Interests in Joint Ventures (amendment)

The amendments to this standard arise as a consequence of the revisions introduced in IFRS 3 Revised – Business Combinations. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IAS 38: Intangible Assets (amendment)

The amendments to this standard arise as a consequence of the revisions introduced in IFRS 3 Revised – Business Combinations. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items (amendment)

This amendment includes guidance on how existing principles on hedge accounting should be applied. This amendment is not expected to have a material impact on the consolidated financial statement of the Group.

IFRIC 9: Reassessment of embedded derivatives and IAS 39: Financial Instruments: Recognition and Measurement (amendment)

This amendment includes guidance on whether an embedded derivatives should be separated from a host contract when a hybrid financial asset has been reclassed out of the 'fair value through profit or loss' category as permitted by the amendments to IAS 39: Financial Instruments: Recognition and Measurement effected in October 2008. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

IFRIC 17: Distributions of non-cash assets to owners

This interpretation advises on the appropriate accounting treatment to be applied when an entity distributes assets other than cash dividends to its shareholders. This IFRIC is not expected to have a material impact on the consolidated financial statements of the Group.

IFRIC 18: Transfers of assets from customers

This interpretation advises on the appropriate accounting treatment for transfers of property, plant and equipment received from 'customers' and concludes that when an item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of transfer with any related credit recognised as revenue in accordance with IAS 18: Revenue. This IFRIC is not expected to have a material impact on the consolidated financial statements of the Group.

IFRS 5: Non-current assets held for sale and discontinued operations (amendment)

This amendment clarifies that disclosure requirements in standards other than IFRS 5 do not generally apply to non-current assets classified as held for sale and discontinued operations. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

IAS 1: Presentation of financial statements (revised)

This amendment clarifies that the potential settlement of a liability by the issue of equity will not affect its classification as current or non-current. This allows a liability to be classified as non-current (provided the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months following the accounting period). This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

IAS 7: Statement of cash flows (amendment)
This amendment to IAS 7 specifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. This amendment is not expected to have a material impact on the Group financial statements.

IAS 17: Leases (amendment)
This amendment deletes specific guidance on the classification on leases of land to make it consistent with general guidance on leases. In accordance with the general principles of IAS 17, leases should be classified as operating or finance leases. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

IAS 36: Impairment of assets (amendment)
This amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for impairment testing purposes is an operating segment as defined by IFRS 8: Operating segments (paragraph 5) before the aggregation of operating segments with similar economic characteristics allowed by paragraph 12 of IFRS 8. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

6 Operating segments
The Group has two reportable segments which are defined as follows: 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 ('D2C').

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

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

Year ended 31 December 2009

	B2B €'000	D2C €'000	Total €'000
Revenue from external customers			
Ireland	6,826	6,092	12,918
UK	1,657	4,983	6,640
USA	–	3,947	3,947
Australia	–	1,109	1,109
Spain	–	418	418
South Africa	–	45	45
Sales to external customers	**8,483**	**16,594**	**25,077**
Results			
Segment results before amortisation	1,745	4,762	6,507
Amortisation	–	(2,425)	(2,425)
Segment results	**1,745**	**2,337**	**4,082**
Unallocated expenses*			(2,588)
Operating profit			1,494
Net finance expense			(621)
Profit before tax			873
Income tax credit			181
Net profit for year			**1,054**

*Unallocated costs relate to central overheads such as rent, administration, salaries and office overhead costs which are not allocated to individual reportable segments.

Notes to the Consolidated Financial Statements
(continued)

6 Operating segments (continued)
As at 31 December 2009

	B2B €'000	D2C €'000	Total €'000
Segment assets	1,466	21,124	22,590
Unallocated assets*			8,121
Total assets			**30,711**
Segment liabilities	2,001	11,820	13,821
Unallocated liabilities*			755
Total liabilities			**14,576**

Other segment information

	B2B €'000	D2C €'000	Unallocated €'000	Total €'000
Capital expenditure				
Property, plant and equipment	–	–	99	99
Intangible assets	–	–	825	825
Depreciation	–	–	155	155
Amortisation	–	2,425	–	2,425
Share-based payments expense	11	23	118	152

*The unallocated assets and liabilities balances principally relate to cash and liabilities of zamano plc.

Year ended 31 December 2008

	B2B €'000	D2C €'000	Total €'000
Revenue			
Ireland	8,333	7,316	15,649
UK	3,600	16,198	19,798
USA	–	3,561	3,561
Australia	–	2,404	2,404
Spain	–	2	2
Sales to external customers	**11,933**	**29,481**	**41,414**
Results			
Segment results before amortisation and goodwill impairment	2,259	5,956	8,215
Amortisation and goodwill impairment	–	(7,404)	(7,404)
Segment results	**2,259**	**(1,448)**	**811**
Unallocated expenses*			(3,575)
Operating loss			(2,764)
Net finance expense			(858)
Loss before tax			(3,622)
Income tax expense			(182)
Net loss for year			**(3,804)**

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

As at 31 December 2008

	B2B €'000	D2C €'000	Total €'000
Segment assets	2,892	24,091	26,983
Unallocated assets			6,423
Total assets			**33,406**
Segment liabilities	2,863	17,148	20,011
Unallocated liabilities			782
Total liabilities			**20,793**

Other segment information

	B2B €'000	D2C €'000	Unallocated €'000	Total €'000
Capital expenditure				
Property, plant and equipment	–	–	229	229
Intangible assets	–	–	17	17
Depreciation	–	–	136	136
Amortisation	–	2,404	31	2,435
Impairment of goodwill	–	5,000	–	5,000
Share-based payments expense	12	26	134	172

The unallocated assets and liabilities balances principally relate to cash and liabilities of zamano plc.

Geographical segments
The following tables present revenue, assets and capital expenditure information regarding the Group's geographical segments.

Year ended 31 December 2009

	Ireland €'000	United Kingdom €'000	Rest of Europe €'000	Rest of world €'000	Total €'000
Revenue					
Sales to external customers	12,918	6,640	418	5,101	25,077
Other segment information					
Non-current assets (excluding deferred tax)	**19,968**	**–**	**–**	**–**	**19,968**

Year ended 31 December 2008

	Ireland €'000	United Kingdom €'000	Rest of Europe €'000	Rest of world €'000	Total €'000
Revenue					
Sales to external customers	15,649	19,798	2	5,965	41,414
Other segment information					
Non-current assets (excluding deferred tax)	**21,659**	**–**	**–**	**–**	**21,659**

Notes to the Consolidated Financial Statements
(continued)

7 Operating profit/(loss)

	2009 €'000	2008 €'000
This is arrived at after charging		
Directors' remuneration:		
– emoluments	**363**	404
– fees	**122**	137
– pension contributions	**18**	19
– social insurance	**33**	10
– share option charge	**84**	99
Depreciation	**155**	136
Amortisation	**2,425**	2,435
Impairment of goodwill	**–**	5,000
Auditor's remuneration:		
– Audit services	**72**	85
– Other services	**16**	40
Research and development expenditure	**1,324**	1,278
Operating lease rentals	**267**	249

The aggregate emoluments of the highest paid director amounted to €233,000 (2008: €248,000).

Employees and remuneration
The average weekly number of employees was:

	2009	2008
B2B division	**5**	8
D2C division	**17**	27
Research and development	**24**	19
Management and administration	**7**	11
	53	**65**

Staff costs comprise:

	2009 €'000	2008 €'000
Wages and salaries	**3,009**	4,129
Social welfare	**302**	409
Pension costs	**128**	131
Healthcare	**39**	30
Share-based payments expense	**152**	172
Employment grant income	**(259)**	(338)
	3,371	**4,533**

8 Share-based payments

Share option plan

The Board may offer to grant share options to any director, employee or consultant of the Group and these are usually granted at the market price of the Group's shares at the date of grant. The following rules apply:

- options cannot be exercised within a year of or more than seven years after the grant date;
- options granted to executive directors, employees and consultants prior to October 2006 vest over a period of three years;
- options granted to executive directors and employees since October 2006 vest three years after the grant date; and
- options granted to non-executive directors on admission to AIM vest three years after the date of admission.

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.

	2009		2008	
	Shares	**Weighted average exercise price**	Shares	Weighted average exercise price
Outstanding at 1 January	**6,717,600**	**€0.203**	7,123,800	€0.197
Granted during the year	**1,200,000**	**€0.156**	–	–
Exercised during the year	**–**	**–**	(267,871)	€0.004
Lapsed on resignation	**(372,200)**	**€0.118**	(138,329)	€0.275
Outstanding at 31 December	**7,545,400**	**€0.192**	**6,717,600**	**€0.203**

The weighted average fair value of options granted during the year was €0.0856 (2008: €nil).

All of the options granted are deemed to be equity-settled and the income statement charge associated with options during the year was €152,000 (2008: €172,000).

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

	2009		2008	
Date(s) of grant	**Shares**	**Exercise price**	Shares	Exercise price
February 2004 – November 2005	**2,051,000**	**€0.001**	2,065,000	€0.001
August 2006	**1,464,400**	**€0.134**	1,622,600	€0.134
November 2006	**1,050,000**	**€0.355**	1,050,000	€0.355
March 2007	**930,000**	**€0.420**	1,030,000	€0.420
October 2007	**500,000**	**€0.350**	600,000	€0.350
December 2007	**350,000**	**€0.360**	350,000	€0.360
March 2009	**1,200,000**	**€0.160**		
	7,545,400		6,717,600	
Exercisable at 31 December	**4,565,400**		**3,146,733**	
Weighted average remaining life	**3.76 years**		**4.34 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 principal inputs to the model for the most recent options granted.

	2009
Dividend yield	0%
Expected share price volatility	50%
Risk-free interest rate	3.7%
Expected life of options (years)	7

Notes to the Consolidated Financial Statements
(continued)

9 Finance income and finance expense

	2009 €'000	2008 €'000
Finance income		
Bank interest receivable	**78**	**254**
Finance expense		
Bank interest and charges	**20**	11
Interest on long-term borrowings	**645**	919
Interest on deferred consideration	**–**	145
Amortisation of debt issue costs	**34**	37
	699	**1,112**

10 Income tax expense

	2009 €'000	2008 €'000
(a) Analysis of charge for the year:		
Current tax:		
Irish corporation tax	**323**	480
Foreign tax	**6**	7
(Over)/under provision in prior year	**(218)**	14
	111	**501**
Deferred tax:		
Movement in deferred tax amounts for the year (Note 10(c))	**(292)**	(319)
Income tax (credit)/expense (Note 10 (b))	**(181)**	**182**

(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:

	2009 €'000	2008 €'000
Profit/(loss) on ordinary activities before taxation	**873**	(3,622)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5% (2008: 12.5%)	**109**	(453)
Effects of:		
Items not deductible for tax purposes	**29**	637
Passive income taxed at a higher rate	**–**	31
Tax credits	**(114)**	(50)
Foreign income taxed at a higher rate	**3**	3
Other	**10**	–
(Over)/under provision in prior year	**(218)**	14
Income tax (credit)/expense (Note 10 (a))	**(181)**	**182**

(c) Deferred tax

Deferred tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2009 €'000	2008 €'000	**2009 €'000**	2008 €'000
Deferred tax liability				
Arising on intangible assets	**–**	(268)	**268**	301
	–	(268)	**268**	301
Deferred tax asset				
Arising on property, plant and equipment	**60**	45	**15**	18
Other	**9**	–	**9**	–
	69	45	**24**	18
Deferred tax credit			**292**	**319**
Net deferred tax assets/(liabilities)	**69**	**(223)**		

At 31 December 2009, there was no recognised deferred tax liability (2008: €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.

11 Profit/(loss) for the financial year in the parent entity holding company

	2009 €'000	2008 €'000
Profit/(loss) on ordinary activities after tax in the parent entity holding company amounted to	**93**	**(4,958)**

The Company is availing of the exemption set out in Section 148 (8) of the Companies Act 1963 from presenting its individual profit and loss account. Other Company only details are set out on pages 37 to 40.

12 Earnings/(loss) per 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/(loss) per share computations:

	2009 €	2008 €
Basic EPS	**€0.013**	(€0.047)
Diluted EPS	**€0.012**	(€0.045)

	2009 €'000	2008 €'000
Net profit/(loss) attributable to equity holders of the parent	**1,054**	**(3,804)**

	2009 Numbers in thousands	2008 Numbers in thousands
Basic weighted average number of shares	**82,348***	81,778*
Dilutive potential ordinary shares:		
Employee share options	**2,629**	3,300
Diluted weighted average number of shares	**84,977**	**85,078**

*Includes shares to be issued associated with an historical business combination.

Notes to the Consolidated Financial Statements
(continued)

13 Adjusted earnings per ordinary share

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

	2009 €	2008 €
Adjusted basic EPS	**€0.045**	€0.048
Adjusted diluted EPS	**€0.044**	**€0.046**

Adjusted net income is calculated as:

	2009 €'000	2008 €'000
Profit/(loss) after tax	**1,054**	(3,804)
Share-based payments expense	**152**	172
Interest on deferred consideration	**–**	145
Amortisation	**2,425**	2,435
Impairment of goodwill	**–**	5,000
Redundancy costs	**86**	–
	3,717	**3,948**

14 Property, plant and equipment

	Computer hardware and equipment €'000	Leased equipment €'000	Fixtures and fittings €'000	Total €'000
Cost:				
At 1 January 2008	531	80	72	683
Additions	223	–	6	229
Disposals	(3)	–	(30)	(33)
At 1 January 2009	751	80	48	879
Additions	90	–	9	99
At 31 December 2009	**841**	**80**	**57**	**978**
Depreciation:				
At 1 January 2008	378	80	51	509
Charge	119	–	17	136
Disposals	(2)	–	(26)	(28)
At 1 January 2009	495	80	42	617
Charge	140	–	15	155
At 31 December 2009	**635**	**80**	**57**	**772**
Net book value:				
At 31 December 2009	**206**	**–**	**–**	**206**
At 31 December 2008	256	–	6	262

15 Intangible assets

	Goodwill €'000	Software €'000	Other €'000	Total €'000
Cost:				
At 1 January 2008	23,847	166	4,989	29,002
Additions	207	17	–	224
Impairment of goodwill (Note 16)	(5,000)	–	–	(5,000)
At 1 January 2009	19,054	183	4,989	24,226
Additions	–	–	825	825
Disposals	–	(35)	–	(35)
At 31 December 2009	**19,054**	**148**	**5,814**	**25,016**
Amortisation:				
At 1 January 2008	–	–	394	394
Charge	–	31	2,404	2,435
At 1 January 2009	–	31	2,798	2,829
Charge	–	43	2,382	2,425
At 31 December 2009	**–**	**74**	**5,180**	**5,254**
Carrying value:				
At 31 December 2009	**19,054**	**74**	**634**	**19,762**
At 31 December 2008	19,054	152	2,191	21,397

16 Impairment of goodwill

Goodwill arising from business combinations in prior years (Note 21) has been allocated in its entirety to the D2C cash-generating unit and reviewed for impairment. Based on this review, the directors do not believe any impairment charge is required (2008: €5m) in the year. Details regarding the underlying assumptions for the impairment review are laid out below.

D2C cash-generating unit

The recoverable amount of the D2C unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a two year period and which have been rolled on for a further period. The pre-tax discount rate applied to cash flow projections is 9.8%.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the D2C cash-generating unit is most sensitive to the following assumptions:

- discount rates;
- projected gross profit for D2C during 2010 and 2011; and
- the growth rate used to extrapolate cash flows for five years.

Discount rates

Discount rates reflect management's estimate of the risks specific to the D2C cash-generating unit. In determining the appropriate discount rate, management has considered the average cost of capital for the Group.

Growth and EBITDA rate

Growth rate and EBITDA estimates are principally based on management's experience of the D2C business line, coupled with published economic research.

The principal assumption used within the cash flows is that D2C growth will be in line with budget to 2011 and then grow at 2.6% beyond that.

Notes to the Consolidated Financial Statements
(continued)

17 Trade and other receivables

	2009 €'000	2008 €'000
Trade receivables	**2,829**	5,285
Prepayments	**438**	472
VAT recoverable	**179**	186
	3,446	**5,943**

Trade receivables are non-interest bearing and are generally on 30 day terms. The amounts above represent the maximum credit exposure of the Group to customers.

As at 31 December 2009, there was an impairment provision of €86,000 (2008: €23,000) charged against the trade receivables balance. Movements in the provision for impairment of receivables were as follows:

	2009 €'000	2008 €'000
At 1 January	**23**	2
Charge for the year	**63**	29
Written off	**–**	(8)
At 31 December	**86**	**23**

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

			Past due but not impaired			
	Total €'000	Neither past due nor impaired €'000	< 30 days €'000	30-60 days €'000	60-90 days €'000	> 90 days €'000
2009	**2,829**	**2,711**	**–**	**67**	**38**	**13**
2008	5,285	4,382	446	25	24	408

18 Cash and cash equivalents

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

	2009 €'000	2008 €'000
Cash at bank and deposits of less than three months	**6,958**	**5,744**

All of the cash balances are held with highly rated banks in Ireland.

19 Issued capital

	2009 €'000	2008 €'000
Authorised:		
3,600,000,000 ordinary shares of €0.001 each	**3,600**	**3,600**

	Numbers in thousands	€'000
Issued and fully paid:		
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 Limited	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 Limited	11,316	11
At 1 January 2008	80,806	81
Issued on 25 July 2008 for cash on exercise of share options	268	–
31 December 2008	81,074	81
Issued on 21 December 2009 for cash in respect of equity financing	13,889	14
31 December 2009	**94,963**	**95**

On 21 December 2009 the Company issued 13,889,000 ordinary shares at a premium of €0.179 cent per share. The company generated net proceeds, after issuance costs, of €2,300,000.

20 Trade and other payables

	2009 €'000	2008 €'000
Trade payables and accruals	**3,754**	5,927
PAYE/PRSI	**159**	158
VAT	**128**	147
	4,041	**6,232**

21 Business combinations

Acquisition of Red Circle Technologies Limited

Red Circle Technologies Limited ('Red Circle') is an unlisted company based in Ireland specialising in mobile content and entertainment. zamano plc acquired the entity during the year ended 31 December 2007. The fair value of the identifiable assets and liabilities of this entity was provided in detail in the 2007 annual report, however certain summary details of the acquisition are set out below.

					Discharged by		
	Book value of net assets acquired €'000	Fair value of net assets acquired €'000	Goodwill arising on acquisition €'000	Total cost €'000	Shares €'000	Cash and costs €'000	Net present value of deferred consideration €'000
Red Circle[1]	924	4,148	15,348	19,496	4,300	13,445	1,751
Adjustments arising to deferred consideration in 2008							(378)
Reduction in acquisition accrual during the period							(45)
Business combination accrual at 31 December 2009							**1,328**

(1) Net assets acquired in 2007 principally comprised customer lists, intangible assets and cash. In 2009, further adjustments have been deducted from the deferred consideration due as permitted by the terms of the purchase arrangement.

Notes to the Consolidated Financial Statements
(continued)

22 Loans and borrowings

	2009			2008		
	Effective interest rate %	Maturity	Loan balance	Effective interest rate %	Maturity	Loan balance
Current	**5.276%**	**2010**	**1,729**	6.697%	2009	2,211
Non-current	**4%**	**2011-2013**	**7,478**	6.697%	2010-2013	10,703

In 2010 the loan is repayable in quarterly instalments of €432,250. From 2010 to 2013 the loan is repayable in quarterly instalments of €631,375. The loan is secured by a first debenture over the property, assets and undertaking of zamano plc and each material subsidiary. Further details are set out in Note 25.

23 Commitments and contingencies
Interest bearing loans and borrowings (€9,207,000 – Note 22) may become repayable in the event that certain loan covenants are breached. The Group was compliant with these covenants at year end.

Government grants of €927,057 (2008: €637,000) may become repayable in the event that certain grant conditions are not adhered to.

The Group leases certain facilities under cancellable and non-cancellable lease agreements that expire at various dates through to May 2011.

The future minimum rental commitments for operating leases with non-cancellable terms in excess of one year are as follows:

	2009 €'000	2008 €'000
Less than one year	**195**	138
Between one and five years	**73**	196
	268	**334**

24 Related party disclosures
Compensation of key management

	2009 €'000	2008 €'000
Short-term employee benefits	**1,067**	1,606
Share-based payments	**132**	154
Pension benefits	**63**	59
	1,262	**1,819**

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

25 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. 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 are 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. The Group's policy is to manage its interest expense using a mix of fixed and variable debt rates. To manage this, the Group has fixed €7.2m of its long-term borrowings at 31 December 2009. Details of debt balances held are set out in Note 22.

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
2009	**+15**	**(18)**
	–15	**18**
2008	+15	(22)
	–15	22

Foreign currency risk

As a result of its presence in the United Kingdom, the Group's balance sheet can be affected by movements in the UK£/Euro exchange rates. The Group also 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 this is 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 equity €'000
2009	**+10%**	**239**	**248**
	–10%	**(239)**	**(248)**
2008	+10%	614	633
	–10%	(609)	(628)

Credit risk

Credit exposures for the Group's financial assets are explained in Notes 17 and 18.

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 cashflows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility.

Notes to the Consolidated Financial Statements
(continued)

25 Financial risk management objectives and policies (continued)

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

	On Demand €'000	Less than 12 months €'000	1 to 5 years €'000	5 years €'000	Total €'000
At 31 December 2009					
Interest bearing loans and borrowings	–	2,226	8,068	–	10,294
Trade and other payables	3,754	–	–	–	3,754
Business combination accrual	1,328	–	–	–	1,328
	5,082	**2,226**	**8,068**	**–**	**15,376**
At 31 December 2008					
Interest bearing loans and borrowings	–	3,387	11,890	–	15,277
Trade and other payables	5,927	–	–	–	5,927
Business combination accrual	–	1,373	–	–	1,373
	5,927	4,760	11,890	–	22,577

Fair value

The Group's trade receivables, cash and trade payables amounts, because of their short-term nature, are considered to approximate fair value. The fair value of the Group's loan approximates its carrying value as market rate reductions have been offset by increased credit premiums.

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 ie 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 2009, the net debt ratio was 13.93% (2008: 56.85%).

	2009 €'000	2008 €'000
Loans and borrowings	**9,207**	12,914
Cash and cash equivalents	**(6,958)**	(5,744)
Net debt	**2,249**	7,170
Equity	**16,135**	12,613
Net debt ratio	**13.94%**	**56.85%**

26 Research and development tax credits

During the year the Group received research and development tax credits of €909,000 (2008: €nil). These were offset against development costs, which were included in other administrative expenses in the consolidated income statement.

27 Approval of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 1 March 2010.

Company Balance Sheet
at 31 December 2009

	Note	2009 €'000	2008 €'000
Fixed assets			
Financial assets	2	**25,089**	24,937
Current assets			
Debtors – within one year	3	**24**	94
– after more than one year	3	**4,995**	1,951
Cash at bank		**4,653**	4,016
		9,672	6,061
Creditors (amounts falling due within one year)	4	**(3,088)**	(3,602)
Net current assets		**6,584**	2,459
Total assets less current liabilities		**31,673**	27,396
Creditors (amounts falling due after more than one year)	5	**(22,748)**	(21,016)
Net assets		**8,925**	6,380
Capital and reserves			
Called up share capital	7	**95**	81
Share premium	7	**13,442**	11,156
Capital conversion reserve	7	**1**	1
Profit and loss account	7	**(5,189)**	(5,282)
Share-based payment reserve	7	**576**	424
Shareholders' funds – equity	7	**8,925**	**6,380**

John O'Shea
Director
1 March 2010

Colm Saunders
Director

Notes to the Company Balance Sheet

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with the Companies Acts 1963 to 2009 and Generally Accepted Accounting Practice in the Republic of Ireland ('Irish GAAP'), comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland. The Company has availed of the exemption not to prepare a company only profit and loss account as the consolidated financial statements present the Group income statement. Details of the Company only profit for the year are disclosed in Note 11 to the consolidated financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company financial statements.

Investments in subsidiaries

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 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 Euro at the rates of exchange ruling at the balance sheet date with a corresponding charge or credit to the profit and loss account.

Cash flow statement

Under FRS 1 'Cash Flow Statements', the Company is exempt from preparing a cash flow statement as its cash flows are included in the Group cash flow statement, as presented in the consolidated financial statements.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current taxation is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses of taxable profits in periods different from those in which they are recognised in the financial statements.

Share-based payments

The accounting policy for share-based payments stated in the consolidated financial statements is applicable to the Company also, except that share options granted to employees of subsidiary entities are treated as an increase in the Company's investment in that entity.

2 Financial fixed assets

	2009 €'000	2008 €'000
Investments in Group companies		
As at 1 January	**24,937**	29,813
Adjustments	–	(48)
Share options issued to employees of subsidiaries	**152**	172
Impairment charge	–	(5,000)
As at 31 December	**25,089**	**24,937**

Company name	Shares held	Principal activity	Registered office
zamano Solutions Limited	100%	Provision of mobile data value added services and technology	1
zamano Limited	100%	Provision of mobile messaging and consultancy services	2
Red Circle Technologies Limited	100%	Provision of digital environment to mobile devices	1
Funzoo Limited (formerly Eirborne Text Promotions Limited)	100%	Dormant	1
Enabletel Limited	100%	Dormant	1
M-isphere Telecommunications Limited	100%**	Dormant	1
Megastar.Co.UK Limited	100%*	Dormant	2
Eirborne Corporation	100%*	Dormant	3
Red Circle Inc.	100%*	Dormant	3

* Shares held indirectly through a subsidiary undertaking
** Including all preference shares issued by the Company

1 4 St. Catherine's Lane West, Digital Hub, Dublin 8
2 17-19 Bedford Street, Covent Garden, London, WC2E 9HP
3 2711 Centreville Road, Suite 400, Wilmington, Delaware 19808

3 Debtors

	2009 €'000	2008 €'000
Amounts falling due within one year		
Trade debtors and prepayments	**8**	14
VAT recoverable	**6**	80
Corporation tax	**10**	–
	24	94
Amounts falling due after more than one year		
Amounts owed by subsidiary undertakings	**4,995**	1,951
	5,019	**2,045**

Amounts owed by subsidiary undertakings are interest free and repayable after more than one year.

4 Creditors – amounts due within one year

	2009 €'000	2008 €'000
Trade creditors and accruals	**31**	16
Acquisition accrual	**1,328**	1,373
Corporation tax	**–**	2
Long-term borrowings (Note 6)	**1,729**	2,211
	3,088	**3,602**

The acquisition accrual is detailed in Note 21 to the consolidated financial statements.

Notes to the Company Balance Sheet
(continued)

5 Creditors – amounts falling due after more than one year

	2009 €'000	2008 €'000
Amounts owed to subsidiary undertakings	**15,270**	10,313
Long-term borrowings (Note 6)	**7,478**	10,703
	22,748	**21,016**

Amounts owed to subsidiary undertakings are interest free and repayable after more than one year.

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. All other relevant details on the loan are set out in Notes 22 and 25 to the consolidated financial statements.

7 Reconciliation of movements in shareholders' funds

	Share capital €'000	Share premium €'000	Capital conversion reserve €'000	Profit and loss account €'000	Share-based payment reserve €'000	Total shareholders' funds €'000
At 1 January 2009	81	11,156	1	(5,282)	424	6,380
Shares issued	14	2,286	–	–	–	2,300
Profit for the year	–	–	–	93	–	93
Share-based payments expense	–	–	–	–	152	152
At 31 December 2009	**95**	**13,442**	**1**	**(5,189)**	**576**	**8,925**

On 21 December 2009, the Company issued 13,889,000 ordinary shares at a premium of €0.179 cent per share. The company generated net proceeds, after issuance costs, of €2,300,000.

8 Commitments, contingencies and related parties
Details of company related commitments and contingencies are set out in Note 23 to the consolidated financial statements. Related party transactions are set out in the directors' report.

9 Approval of financial statements
The Company financial statements were approved and authorised for issue by the board of directors on 1 March 2010.

Business at Annual General Meeting
to be held on 22 July 2010

Ordinary business

Resolution 1 – Financial statements
The directors' report and financial statements for the year ended 31 December 2009 accompany this notice of meeting.

Resolution 2 – Directors
The Board recommends the election of Colin Tucker, retiring by rotation. Further information about Colin Tucker is given on page 7.

Resolution 3 – Directors
The Board recommends the election of John O'Shea, retiring by rotation. Further information about John O'Shea is given on page 7.

Resolutions 4 and 5 – Auditors' reappointment and remuneration
The resolutions relating to auditors' reappointment and remuneration are usual business for the annual general meeting.

Special business

Resolution 6 – Allotment authority
This is an Ordinary Resolution authorising the directors to allot relevant securities up to the nominal value of the authorised but unissued share capital. This authority will expire at the conclusion of the next Annual General Meeting following this meeting or on 16 September 2011, whichever is the earlier.

Resolution 7 – Dis-application of pre-emption rights
This is a Special Resolution authorising the directors to issue equity securities:

(a) in connection with any offer of securities by way of rights, open offer of securities or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company;
(b) in connection with the exercise of any options or warrants to subscribe for shares granted by the Company; and
(c) for cash on a non-pre-emptive basis up to an aggregate nominal value equal to 20% 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 16 September 2011, 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 3,777,054 ordinary shares comprising 4% of the issued ordinary share capital of the Company.

Notice of Annual General Meeting
zamano plc and subsidiaries

Notice is hereby given that the Annual General Meeting of zamano plc will be held at 11.00am on 22 July 2010 at the Conrad Hotel, Earlsfort Terrace, Dublin 2 to consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution.

1. To receive and adopt the financial statements for the year ended 31 December 2009 and the reports of the directors and auditors thereon.
2. To re-elect as a director Colin Tucker, who retires by rotation in accordance with article 84 of the Articles of Association.
3. To re-elect as a director John O'Shea, 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 the authorised but unissued 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 16 September 2011, 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 hereby had not expired.
7. As a Special Resolution: That subject to the passing of Resolution 6, the directors be and are hereby empowered to allot equity securities, as defined by Section 23 of the Companies (Amendment) Act 1983 (including, without limitation, any shares purchased by the Company pursuant to the provisions of the Companies Act, 1990 and held as Treasury Shares):

(a) in connection with any offer of securities, open for a period fixed by the directors, by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including without limitation, any person entitled to options under any of the Company's 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 Ireland or any other jurisdiction, or the requirements of, any recognised body or stock exchange in any territory;
(b) in connection with the exercise of any options or warrants to subscribe for shares granted by the Company from time to time; and
(c) (in addition to the authority conferred by the preceding paragraphs) up to an aggregate nominal value equal to 35% of the nominal value of the Company's issued ordinary share capital at the date of passing of this Resolution.

The authority conferred by this Resolution shall expire at the conclusion of the annual general meeting of the Company next following the passing of this Resolution or on 16 September 2011, 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 hereby had not expired.

By order of the Board

Colm Saunders
Company Secretary
4 St. Catherine's Lane West
Digital Hub Dublin 8
21 May 2010

Notes

(1) A member entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company.

(2) Forms of Proxy, together with any Power of Attorney or other authority under which it is executed or a notarially certified copy thereof, must be completed and, to be valid, must reach the Registrar of the Company at the address given on the Form of Proxy not less than 48 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' from the Form of Proxy and insert the name and address of the person you wish to appoint in the space provided. A proxy need not be a member.

(7) Pursuant to Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, only those shareholders on the Register of Shareholders at 6.00pm on 20 July 2010 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.

(8) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

(9) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland (EUI)'s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Registrars (Ireland) Limited, as issuer's agent, (ID 7RA08) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

(10) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(11) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35 (5) (a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.

Notes

Directors and Other Information

zamano plc and subsidiaries

Directors
Mike Watson (UK) (Chairman)
Brendan Mullin (Non-executive)
John O'Shea (Executive)
Colm Saunders (Executive)
Colin Tucker (UK) (Non-executive)

Secretary
Colm Saunders

Bankers
Allied Irish Bank plc
Anglo Irish Bank Corporation
Bank of Ireland
Bank of Scotland (Ireland)

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

Auditors
KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2

Registered office
4 St. Catherine's Lane West
Digital Hub
Dublin 8

Nominated advisor and broker – AIM
Cenkos Securities plc
6-8 Tokenhouse Yard
London
EC2R 7AS

Nominated advisor and broker – IEX
NCB Stockbrokers Limited
3 George's Dock
Dublin 1

Registered number
329336

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Mixed Sources
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