zamano plc & subsidiaries

Unaudited half-yearly condensed consolidated financial statements

Half-year ended 30 June 2008

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Directors and other information

Directors	Rod Matthews (UK) Brendan Mullin John O'Shea Colm Saunders Colin Tucker (UK) Michael Watson (UK)
Secretary	Aoife Warren
Registered office	4 St. Catherine's Lane West Digital Hub Dublin 8
Auditors	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
Bankers	Allied Irish Banks plc Anglo Irish Bank Corporation plc Bank of Ireland Bank of Scotland (Ireland) Ltd
Solicitors	O'Donnell Sweeney Eversheds 1 Earlsfort Centre Earlsfort Terrace Dublin 2
Nominated advisor & broker – AIM	Seymour Pierce Ltd 20 Old Bailey London EC4M 7EN
Nominated advisor & broker – IEX	NCB Stockbrokers Ltd 3 George's Dock Dublin 1

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Management commentary on half-yearly financial results

Management commentary

Highlights:

	H1 2008	H1 2007	Growth
	€'000	**€'000**	
Revenue	23,723	9,671	145%
EBITDA	2,398	1,433	67%
Diluted Adjusted EPS	2.3 cents	1.9 cents	21%

Chairman's Statement

Taking account of the challenging regulatory environment, economic conditions and negative currency movements, the Board is satisfied with the performance in the first half of 2008. The Group delivered substantial profitable growth driven by the two acquisitions completed in 2007.

The Board is pleased to announce that the integration of the Red Circle business, consisting of merging the technical teams and executing on a combined platform strategy, has now been completed.

Tightening regulations in UK and Ireland, combined with the economic conditions are having an impact on performance, particularly in the effectiveness of print advertising in the UK and Irish market. In response, the Company has reduced UK print advertising by 40% over the last 6 months, and has only retained the most profitable advertising. The Company continues to move the advertising spend into strategic areas to diversify revenue. Nevertheless, the Board expects EBITDA in H2 to be similar to that achieved in H1.

Regulatory Code of Practice

The regulatory environment in the UK and Ireland continues to evolve. Today, zamano launched a Code of Practice, the aim of which is to enhance compliance with all appropriate regulations and market best practice. To support this Code, a customer care manager has been given responsibility for end-user advocacy. Resulting from the new Code, the Group has restricted certain non-compliant customers access to its platform. The Directors have always focused on ensuring full regulatory compliance and this is further evidence of the Group's commitment to being at the forefront of best practice in the industry.

Summary

In response to the operating environment the Board have carried out a detailed review and strongly support the actions outlined below which we believe will position the Company for further growth in the medium term.

Rod Matthews
Chairman

Management commentary on half-yearly financial results *(continued)*

CEO's Statement

Given the current environment, the management team is taking a number of actions to reposition the Group to take advantage of the next stage of growth:

- Adapting UK and Ireland print advertising to maximise effectiveness with appropriate value offerings;
- Further investment in the Group's online and mobile portal presences;
- Expanding the US team, where zamano is already experiencing profitable growth;
- Entering new territories;
- Investing in a mobile social networking solution which the Company expects to launch this year;
- Developing new billing mechanisms and applications to take advantage of the convergence of the mobile and fixed line internet.

The Group is realigning resources to ensure they are directed at these areas, and during this period of change, strict cost management is in place to underpin profitability.

Division Review

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

The B2B division's revenue grew 16% over the same period in 2007; however, profits were down slightly due to margin declines over the period reflecting competitive pressure in some areas of the market.

The B2C division has experienced substantial growth with revenues up by over 300%, primarily driven by the full integration of the two acquisitions in 2007, Eirborne Text Promotions and Red Circle Technologies.

Summary

zamano has built substantial scale, is on track to deliver the sixth consecutive year of double digit profit growth and has successfully integrated five acquisitions. Through a policy of identifying and investing in areas of high growth potential, the Group is now positioning itself to move through the current challenging environment to the next stage of growth.

John O'Shea
CEO

Management commentary on half-yearly financial results *(continued)*

Financial Review

Revenue grew 145% to €23.7 million (H1 2007: €9.7 million) and this rate of growth was affected by the decline in Sterling.

The Group's EBITDA grew by 67% to €2.4 million (H1 2007: €1.4 million) and this would have been 106% on a constant currency basis. The EBITDA margin was 10% which is down 4 percentage points reflecting the impact of Sterling, and gross margin decline in some traditional routes to market.

Cost control remains strong as evidenced by the fact that operating costs, excluding amortisation, declined to 17% of revenue from 24% in 2007. This is very pleasing given the dramatic growth which the business has experienced over the past twelve months. The Board continues to implement cost controls which should see this ratio declining further during 2008. The revenue per employee has continued to grow, despite the impact of Sterling, to an annualized €698k per employee in H1, growing from €650k in 2007

Cash generation in the Group continues to be strong, with €1.85 million of positive cash-flow generated from operating activities in the first 6 months of the year. The cash balance at 30 June was €5.1 million, a decline from €12.1 million at year end due to €7.3 million in deferred consideration payments and €1.5 million in loan repayments to Bank of Scotland (Ireland). The Group took on €15 million in debt from Bank of Scotland (Ireland) to fund the acquisition of Red Circle. The debt now stands at €14 million.

Colm Saunders
CFO

Independent review report to zamano plc

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and the related explanatory notes on pages 8 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the requirements of the AIM rules issued by the London Stock Exchange and the IEX rules issued by the Irish Stock Exchange.

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with IFRS as issued by the IASB and subsequently adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent review report to zamano plc *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the IEX rules for companies issued by the Irish Stock Exchange and the AIM rules for companies issued by the London Stock Exchange.

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

24 September 2008

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Condensed consolidated income statement
for the half-year ended 30 June 2008

	Notes	**Half-year ended 30 June 2008 Unaudited €'000**	Half-year ended 30 June 2007 Unaudited €'000
Revenue	*5*	**23,723**	9,671
Cost of sales		**(17,396)**	(5,995)
Gross profit – continuing activities		**6,327**	3,676
Other administrative expenses		**(3,929)**	(2,243)
Depreciation		**(47)**	(47)
Amortisation of intangible assets		**(1,202)**	(76)
Administrative expenses		**(5,178)**	(2,366)
Operating profit	*5*	**1,149**	1,310
Finance income		**160**	150
Finance costs		**(636)**	(67)
Profit before tax		**673**	1,393
Income tax expense	*6*	**(157)**	(210)
Profit for the period attributable to equity holders of the parent		**516**	1,183
Earnings per share			
- basic	*7*	**€0.006**	€0.017
- diluted	*7*	**€0.006**	€0.016

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Condensed consolidated balance sheet
at 30 June 2008

	Notes	**30 June 2008 Unaudited €'000**	31 December 2007 Audited €'000	30 June 2007 Unaudited €'000
Assets				
Non-current assets				
Intangible assets	*9*	**27,361**	28,608	9,370
Property, plant and equipment	*10*	**305**	174	173
Deferred tax asset		**44**	27	26
		27,710	28,809	9,569
Current assets				
Trade and other receivables		**8,948**	9,180	4,228
Cash and cash equivalents		**5,137**	12,104	7,395
		14,085	21,284	11,623
Total assets		**41,795**	50,093	21,192
Equity				
Equity attributable to equity holders of the parent				
Share capital		**81**	81	69
Share premium		**11,155**	11,155	6,866
Capital conversion reserve		**1**	1	1
Retained earnings		**5,351**	4,835	3,405
Other reserves	*11*	**301**	233	164
Total equity		**16,889**	16,305	10,505
Liabilities				
Current liabilities				
Trade and other payables		**8,279**	9,429	3,563
Interest bearing loans and borrowings		**2,368**	2,534	-
Deferred consideration		**1,755**	8,410	6,559
Income tax payable		**494**	430	455
Total current liabilities		**12,896**	20,803	10,577
Non-current liabilities				
Interest bearing loans and borrowings		**11,586**	12,416	-
Deferred tax liability		**424**	569	110
Total non-current liabilities		**12,010**	12,985	110
Total liabilities		**24,906**	33,788	10,687
Total equity and liabilities		**41,795**	50,093	21,192

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Condensed consolidated statement of changes in equity
for the half-year ended 30 June 2008

	Attributable to equity holders of the parent					
	Share capital €'000	**Share premium €'000**	**Capital conversion reserve €'000**	**Retained earnings €'000**	**Other reserves €'000**	**Total equity €'000**
At 1 January 2008	81	11,155	1	4,835	233	16,305
Foreign currency translation	-	-	-	-	(21)	(21)
Total income and expense for the period recognised directly in equity	-	-	-	-	(21)	(21)
Profit for the period	-	-	-	516	-	516
Total income and expense for the period	-	-	-	516	-	516
Share-based payment	-	-	-	-	89	89
At 30 June 2008 (unaudited)	**81**	**11,155**	**1**	**5,351**	**301**	**16,889**

	Attributable to equity holders of the parent					
	Share capital €'000	**Share premium €'000**	**Capital conversion reserve €'000**	**Retained earnings €'000**	**Other reserves €'000**	**Total equity €'000**
At 1 January 2007	68	6,367	1	2,222	99	8,757
Foreign currency translation	-	-	-	-	(7)	(7)
Total income and expense for the period recognised directly in equity	-	-	-	-	(7)	(7)
Profit for the period	-	-	-	1,183	-	1,183
Total income and expense for the period	-	-	-	1,183	-	1,183
Issue of share capital	1	499	-	-	-	500
Share-based payment	-	-	-	-	72	72
At 30 June 2007 (unaudited)	**69**	**6,866**	**1**	**3,405**	**164**	**10,505**

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Condensed consolidated cash flow statement

for the half-year ended 30 June 2008

	Half-year ended 30 June 2008 Unaudited €'000	Half-year ended 30 June 2007 Unaudited €'000
Cash flows from operating activities		
Profit before tax	**673**	1,393
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	**47**	47
Amortisation of intangible assets	**1,202**	76
Share-based payment	**89**	72
Foreign currency translation	**(21)**	(7)
Decrease/(increase) in trade and other receivables	**240**	(740)
(Decrease)/increase in trade and other payables	**(590)**	386
Finance income	**(160)**	(150)
Finance costs	**636**	67
	2,116	1,144
Interest expense	**(11)**	(4)
Income tax paid	**(256)**	(8)
Net cash flows from operating activities	**1,849**	1,132
Cash flows from investing activities:		
Interest received	**185**	112
Purchase of property, plant and equipment	**(177)**	(41)
Purchase of intangible assets	**(9)**	(67)
Deferred consideration paid	**(7,290)**	-
Acquisition of a subsidiary, net of cash acquired	**-**	(1,232)
Net cash flows used in investing activities	**(7,291)**	(1,228)
Cash flows from financing activities:		
Long term loan repayments	**(1,525)**	-
Net cash flows used in financing activities	**(1,525)**	-
Net decrease in cash and cash equivalents	**(6,967)**	(96)
Cash and cash equivalents at 1 January	**12,104**	7,491
Cash and cash equivalents at 30 June	**5,137**	7,395

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

1. Reporting entity

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

The half-yearly condensed consolidated financial statements of zamano plc as at and for the six months ended 30 June 2008 consist of the results and financial position of the company and its subsidiaries together referred to as "the group." The principal activities of the group are the provision of mobile data services and technology.

2. Statement of compliance

These half-yearly condensed consolidated financial statements (the "half-yearly financial statements") have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting", as endorsed by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published financial statements of the group. The comparative figures included for the year ended 31 December 2007 do not constitute statutory financial statements of the group within the meaning of the European Communities (Companies: Group Accounts) Regulations 1992. The consolidated financial statements for the year ended 31 December 2007 are available at www.zamano.com. The auditor's report on those financial statements was unqualified.

These condensed consolidated financial statements were approved by the Board on 24 September 2008 and are available at www.zamano.com.

3. Significant accounting policies – basis of preparation

These half-yearly condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in the group's 31 December 2007 published consolidated financial statements, which were prepared in accordance with IFRS as adopted by the EU.

The International Accounting Standards Board and the International Financial Reporting Interpretations Committee ("IFRIC") have issued the following interpretation that will be effective for the group's financial statements for the year ending 31 December 2008:

IFRIC 11 (IFRS 2) – Group and Treasury Share Transactions (effective for periods beginning on or after 1 March 2007). This interpretation deals with accounting for share-based payments at subsidiary level and therefore had no impact on the group financial statements.

No other standards or IFRICs became effective that impact on the half-yearly financial statements.

4. Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting polices and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these half-yearly condensed financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the most recent published annual consolidated financial statements, which can be found at pages 18 to 22 of those financial statements.

Notes *(continued)*

5. Segment information

zamano facilitates communication and interaction between companies and consumers on mobile phones through a range of value-added mobile applications (B2B). zamano also develops, promotes and distributes mobile content and interactive services directly to consumers (B2C).

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

Half-year ended 30 June 2008	**B2B €'000**	**B2C €'000**	**Eliminations €'000**	**Total €'000**
Revenue				
Sales to external customers	6,517	17,206	-	23,723
Inter-segment sales	11	908	(919)	-
Total revenue	**6,528**	**18,114**	(919)	23,723
Segment results	**1,259**	**2,476**	**-**	**3,735**
Unallocated expenses				(2,586)
Profit before tax, finance costs and finance revenue				1,149
Net finance costs				(476)
Profit before tax				673
Income tax expense				(157)
Net profit for half-year				**516**

Half-year ended 30 June 2007	**B2B €'000**	**B2C €'000**	**Eliminations €'000**	**Total €'000**
Revenue				
Sales to external customers	5,602	4,069	-	9,671
Inter-segment sales	6	319	(325)	-
Total revenue	5,608	4,388	(325)	9,671
Segment results	**1,377**	**1,338**	**-**	**2,715**
Unallocated expenses				(1,405)
Profit before tax, finance costs and finance revenue				1,310
Net finance income				83
Profit before tax				1,393
Income tax expense				(210)
Net profit for half-year				**1,183**

Notes *(continued)*

5. Segment information (continued)

The amortisation charge is allocated to the business segments as follows:

	Half-year ended 30 June 2008 €'000	Half-year ended 30 June 2007 €'000
B2B	**-**	-
B2C	1,202	76
	1,202	76

6. Income tax expense

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

	Half-year ended 30 June 2008 €'000	**Half-year ended 30 June 2007 €'000**
Current income tax		
Current income tax charge	**272**	196
Underprovision in prior year	**15**	-
Foreign tax	**32**	35
	319	231
Deferred income tax		
Relating to origination and reversal of temporary differences	**(162)**	(21)
	157	210

Notes *(continued)*

7. Earnings per share

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

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 period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Half-year ended 30 June 2008 €'000	**Half-year ended 30 June 2007 €'000**
Profit attributable to equity holders of the parent company	**516**	1,183

	Half-year ended 30 June 2008 000's	**Half-year ended 30 June 2007 000's**
Basic weighted average number of shares	**81,662**	68,427
Dilutive potential ordinary shares:		
Employee share options	**3,702**	6,343
Diluted weighted average number of shares	**85,364**	74,770
Earnings per share		
- basic	**€0.006**	€0.017
- diluted	**€0.006**	€0.016

Notes *(continued)*

8. Adjusted earnings per share

The following reflects earnings per share based on adjusted net income using the same weighted average number of shares for the purposes of the basic and diluted earnings:

	Half-year ended 30 June 2008 €	**Half-year ended 30 June 2007 €**
Adjusted basic EPS	**0.024**	0.020
Adjusted diluted EPS	**0.023**	0.019

Adjusted net income is calculated as:

	Half-year ended 30 June 2008 €'000	**Half-year ended 30 June 2007 €'000**
Profit after tax	**516**	1,183
Share-based payment	**89**	72
Interest on deferred consideration	**145**	63
Amortisation of intangible assets	**1,202**	76
	1,952	1,394

Notes *(continued)*

9. Intangible assets

	Goodwill €'000	Software €'000	Other €'000	Total €'000
Cost:				
At 1 January 2008	23,847	166	4,989	29,002
Additions	9	9	-	18
Adjustments	(63)	-	-	(63)
At 30 June 2008	**23,793**	**175**	**4,989**	**28,957**
Amortisation				
At 1 January 2008	-	-	394	394
Charge	-	-	1,202	1,202
At 30 June 2008	**-**	**-**	**1,596**	**1,596**
Carrying value:				
At 30 June 2008	**23,793**	**175**	**3,393**	**27,361**
At 31 December 2007	23,847	166	4,595	28,608

Additions to goodwill relate to the capitalization of further acquisition costs. The adjustment to the carrying value of the goodwill balance is an amendment to the deferred consideration liability on the Red Circle Technologies Limited acquisition.

Other intangible assets comprise customer lists, web portal and technology recognised on the acquisitions of Red Circle Technologies Limited and Eirborne Text Promotions Limited during the prior year.

10. Property, plant and equipment

Acquisitions and disposals

During the half-year ended 30 June 2008, the Group acquired assets with a cost of €177,000 (half-year ended 30 June 2007 - €41,000).

No assets were disposed of by the Group during the half-year ended 30 June 2008 (half-year ended 30 June 2007 - €nil).

Notes *(continued)*

11. Other reserves

	Foreign currency translation reserve €'000	Share-based payment reserve €'000	Total €'000
At 1 January 2008	(19)	252	233
Movements	(21)	89	68
At 30 June 2008	**(40)**	**341**	**301**

	Foreign currency translation reserve €'000	Share-based payment reserve €'000	Total €'000
At 1 January 2007	-	99	99
Movements	(7)	72	65
At 30 June 2007	**(7)**	**171**	**164**

12. Capital commitments

The Group had no capital commitments at 30 June 2008 (30 June 2007: €40,000).

13. Auditors

During the period Ernst and Young resigned as auditors and were replaced by KPMG, Chartered Accountants.

14. Subsequent events

There are no subsequent events requiring disclosure.