zamano plc & subsidiaries

Unaudited half-yearly condensed consolidated financial statements

Half-year ended 30 June 2011

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Unaudited half-yearly condensed consolidated financial statements

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Directors and other information

Directors	Pat Landy (appointed on 24 March 2011) Joe Morley (appointed on 14 July 2011and resigned on 28 September 2011) John O'Shea Colin Tucker (UK) Michael Watson (UK)
Secretary	Michael Connolly
Registered office	23 Shelbourne Road Ballsbridge Dublin 4
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
Bankers	Anglo Irish Bank Corporation plc Bank of Ireland Bank of Scotland
Solicitors	Eversheds O'Donnell Sweeney 1 Earlsfort Centre Earlsfort Terrace Dublin 2
Nominated advisor & broker – AIM	Cenkos Securities plc 6-8 Tokenhouse Yard London EC2R 7AS
Nominated advisor & broker – ESM	NCB Stockbrokers Limited 3 George's Dock Dublin 1

CEO's Statement

The Group is structured as three business divisions; Everneo, Zamano Solutions Ltd (ZSL) and Newsworthie. Everneo is the Group's largest division, and is focused on selling mobile content and interactive services to consumers in 4 territories (Ireland, UK, Spain and USA), while ZSL provides messaging services to businesses in Ireland and the UK.

ZSL and Everneo are now entering a growth phase, having spent the last number of years changing strategic direction and updating technologies to address the challenges of rapid developments within the smartphone marketplace. This renewal process is now complete, and new growth opportunities are arising as a result of the investments made in the platform during this period of transition. Everneo is now focused on marketing to smartphones, and is at the centre of a rapidly evolving and exciting market.

Market Review

The Irish business has experienced month on month growth over the course of the half year to 30 June 2011, primarily driven by B2B customer wins. The UK web business has exceeded expectations and remains strong, and very encouragingly, after a year-long absence, the Group has re-entered the mobile marketing space, enabled by the introduction of a new sign-up verification process, Third Party Pin (3PP). The Group has just completed a 5 month process to obtain certification for new connections across all 4 major US operators, thereby enabling investment in the promotion of new services. Spanish revenues have been affected by the decline in inventory on operator portals, but new routes to market are being opened, and the Group is hopeful that this situation will reverse in the months ahead.

The Group continues to explore the opportunity for entering new territories, having completed a development project which should enable easier integration into multiple operators in a number of countries.

Zamano has benefited significantly from relationships with major brands including Premier League, WWE and Disney, and is increasingly using Social Media to engage with customers to promote these brands' mobile services. The focus of such partnerships is to deliver premium rich media content to smartphones, promoted via a network of mobile and web advertising networks.

Financial Review

Revenues dropped in the first quarter because of the decision to exit low margin business, in conjunction with a cost restructuring undertaken in January. Stability in the topline was achieved in Q2 and modest growth recommenced in Q3 compared against the previous quarter.

Gross margins have improved on a month by month basis and with the cost base down, operational profitability has increased over the year.

H1 was impacted by one-off restructuring costs and the ongoing investment in the Newsworthie start-up. Subtracting these costs shows that ZSL/Everneo delivered EBITDA of €592K.
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Financial Review *(Continued)*

Gross debt decreased from €5.8M to €4.7M in the period (net debt €3.3M) while cash reserves were €1.4M at the end of the period.

As signaled at the AGM in July, the Group faces the challenge of financing ongoing investment in re-building the business from its current levels while also paying down debt. Following a series of consultations with investors and its banking provider, management is focused on putting in place a debt repayment schedule which is aligned with the business' cash generation capability. This process is ongoing, but in the meantime, capital and interest on debt is being repaid in line with the banking agreements.

Directorate Change

Joe Morley became a Director of zamano in July and was focused on evaluating the continued investment in the Newsworthie project, having been tasked for the previous year with stabilising and re-structuring the ZSL and Everneo business units in an interim role. As the Group is now suspending its investment in Newsworthie, Joe is standing down as a director, and the Board would like to thank him for his valuable contributions.

Outlook

The Board is satisfied that the steps taken early in the year to re-structure the business have worked. Revenues have stabilised and started to grow, while margins remain good. The Group is now pursuing further opportunities for growth, and will report on progress early in the new year.

John O'Shea

Chief Executive Officer 28 September 2011

Directors' responsibility statement
for the six months ended 30 June 2011

Statement of the directors in respect of the unaudited half-yearly financial report

Each of the current serving directors as listed on page 3, confirm that, to the best of our knowledge and belief:

a) the unaudited condensed consolidated interim financial statements, comprising the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in shareholders' equity, the condensed consolidated interim statement of cash flows, and the related notes thereto, have been prepared in accordance with IAS 34 - Interim Financial Reporting ("IAS 34"), as adopted by the EU.

b) the interim management report includes a fair review of the following information:

   (i) an indication of important events that have occurred during the six months ended 30 June 2011 and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

   (ii) related party transactions that have taken place in the six months ended 30 June 2011 and that have materially affected the financial position or performance of the company during that period; and any changes in the related party transactions described in the 2010 Annual Report that could do so.

On behalf of the Board

Michael Watson	John O'Shea	28 September 2011
Director	*Director*	

Independent review report to zamano plc

Introduction

We have been engaged by zamano plc ("the company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprise the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and the related explanatory notes. 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.

This report is made solely to the company in accordance with the terms of our engagement. 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, including the consolidated interim financial statements contained therein, 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 ESM rules issued by the Irish Stock Exchange.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as issued by the IASB as 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 financial report for the six months ended 30 June 2011 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the AIM rules for companies issued by the London Stock Exchange and the ESM rules for companies issued by the Irish Stock Exchange.

Patricia Carroll 28 September 2011
For and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

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Unaudited condensed consolidated income statement

for the half-year ended 30 June 2011

	Notes	**Half-year ended 30 June 2011 €'000**	Half-year ended 30 June 2010 €'000
Revenue	*5*	**6,239**	8,750
Cost of sales		**(4,430)**	(5,944)
Gross profit – continuing activities		**1,809**	2,806
Other administrative expenses	*14*	**(1,818)**	(2,028)
Depreciation		**(56)**	(65)
Amortisation of intangible assets	*10*	**(328)**	(231)
Impairment of goodwill	*10*	**-**	(6,499)
Total administrative expenses		**(2,202)**	(8,823)
Operating loss	*5*	**(393)**	(6,017)
Finance income		**5**	53
Finance expense		**(142)**	(357)
Loss before tax		**(530)**	(6,321)
Income tax expense	*6*	**-**	(199)
Loss for the period – all attributable to owners of the company		**(530)**	(6,520)
Loss per share			
- basic	*7*	**(€0.006)**	(€0.068)
- diluted	*7*	**(€0.006)**	(€0.068)

Unaudited condensed consolidated statement of comprehensive income

for the half-year ended 30 June 2011

	Half-year ended 30 June 2011 €'000	Half-year ended 30 June 2010 €'000
Loss for the period - all attributable to owners of the company	**(530)**	(6,520)
Other comprehensive income:		
Foreign currency translation adjustment	**11**	3
Total comprehensive loss – all attributable to owners of the company	**(519)**	(6,517)

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Unaudited condensed consolidated balance sheet

at 30 June 2011

Assets	Notes	**30 June 2011 €'000**	31 December 2010 [1] €'000	30 June 2010 €'000
Non-current assets				
Property, plant and equipment	*11*	**72**	108	162
Intangible assets	*10*	**6,567**	6,800	13,280
Deferred tax asset		**69**	69	69
		6,708	6,977	13,511
Current assets				
Trade and other receivables		**2,091**	2,098	2,493
Income tax recoverable		**29**	29	192
Cash and cash equivalents		**1,396**	2,724	4,430
		3,516	4,851	7,115
Total assets		**10,224**	11,828	20,626
Equity				
Share capital		**96**	96	95
Share premium		**13,442**	13,442	13,442
Capital conversion reserve		**1**	1	1
Foreign currency translation reserve		**(54)**	(65)	(61)
Share-based payment reserve		**528**	517	597
Retained earnings		**(11,901)**	(11,371)	(4,432)
Total equity		**2,112**	2,620	9,642
Liabilities				
Non-current liabilities				
Loans and borrowings		**3,824**	4,538	4,433
		3,824	4,538	4,433
Current liabilities				
Trade and other payables		**3,371**	3,145	3,976
Business combination accrual	*15*	**67**	356	1,312
Loans and borrowings		**850**	1,169	1,263
		4,288	4,670	6,551
Total liabilities		**8,112**	9,208	10,984
Total equity and liabilities		**10,224**	11,828	20,626

[1] Amounts at 31 December 2010 are derived from the 31 December 2010 audited financial statements.

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Unaudited condensed consolidated statement of changes in equity

for the half-year ended 30 June 2011

	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 2011	96	13,442	1	(11,371)	(65)	517	2,620
Total comprehensive expense for the period							
Loss for the period	-	-	-	(530)	-	-	(530)
Other comprehensive income							
Currency translation adjustment	-	-	-	-	11	-	11
Total comprehensive income for the period	-	-	-	(530)	11	-	(519)
Other transactions							
Share-based payments expense	-	-	-	-	-	11	11
Transfer of exercised and expired share-based payments awards	-	-	-	-	-	-	-
At 30 June 2011	**96**	**13,442**	**1**	**(11,901)**	**(54)**	**528**	**2,112**

for the half-year ended 30 June 2010

	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 2010	95	13,442	1	2,085	(64)	576	16,135
Total comprehensive expense for the period							
Loss for the period	-	-	-	(6,520)	-	-	(6,520)
Other comprehensive income							
Currency translation adjustment	-	-	-	-	3	-	3
Total comprehensive income for the period	-	-	-	(6,520)	3	-	(6,517)
Other transactions							
Share-based payments expense	-	-	-	-	-	24	24
Transfer of exercised and expired share-based payments awards	-	-	-	3	-	(3)	-
At 30 June 2010	**95**	**13,442**	**1**	**(4,432)**	**(61)**	**597**	**9,642**

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Unaudited condensed consolidated cash flow statement

for the half-year ended 30 June 2011

	Half-year ended 30 June 2011 €'000	Half-year ended 30 June 2010 €'000
Cash flows from operating activities		
Loss before tax	**(530)**	(6,321)
Adjustments to reconcile loss for the period to net cash inflow from operating activities		
Depreciation	**56**	65
Amortisation of intangible assets	**328**	231
Impairment of goodwill	**-**	6,499
Share-based payments expense	**11**	21
Foreign exchange	**12**	3
Decrease in trade and other receivables	**7**	953
Decrease in trade and other payables	**226**	(63)
Finance income	**(5)**	(53)
Finance expense	**142**	357
Cash generated from operations	**247**	1,692
Interest paid	**(19)**	(25)
Income tax	**-**	(119)
Net cash inflow from operating activities	**228**	1,548
Cash flows from investing activities		
Payment of deferred consideration on acquisition of subsidiaries	**(200)**	(16)
Purchase of property, plant and equipment	**(20)**	(21)
Purchase of intangible assets and capitalisation of internally generated intangible assets	**(184)**	(248)
Interest received	**4**	53
Net cash outflow from investing activities	**(400)**	(232)
Cash flows from financing activities		
Repayment of debt	**(1,156)**	(3,844)
Net cash outflow from financing activities	**(1,156)**	(3,844)
Net decrease in cash and cash equivalents	**(1,328)**	(2,528)
Cash and cash equivalents at 1 January	**2,724**	6,958
Cash and cash equivalents at 30 June	**1,396**	4,430

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

1 Reporting entity

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

The half-yearly condensed consolidated financial statements of zamano plc as at and for the six months ended 30 June 2011 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 adopted 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 2010 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 2010 are available at www.zamano.com. The auditor's report on those financial statements was unqualified.

These half-yearly financial statements were approved by the Board on 28 September 2011 and are available at www.zamano.com.

3 Significant accounting policies – basis of preparation

These half-yearly financial statements have been prepared in accordance with the accounting policies set out in the Group's 31 December 2010 published consolidated financial statements, which were prepared in accordance with IFRS as adopted by the EU.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011:

- Amendments to IFRS 7 – *"Financial Instruments Disclosures – Transfer of financial assets";*
- Amendments to IFRS 1 – *"Severe hyperinflation and removal of fixed dates for first time adopters";*
- Amendments to IFRIC 14 – *"Prepayments of a Minimum Funding Standard"*;
- Amendments to IAS 24 – *"Related Party Disclosures"*.

The adoption of these amendments to standards and interpretations did not materially impact on our financial position or results from operations.

4 Estimates

The preparation of financial statements in conformity with IFRS 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 consolidated financial statements, the significant judgements made by management and the key sources of estimation uncertainty were the same as disclosed in note 4 to the most recently published annual consolidated financial statements. The most subjective judgement relating to these interim financial statements relates to the valuation of goodwill on a previous business combination. Details related to our key assumptions in this regard are set out in note 16 to the most recently published annual consolidated financial statements.

5 Segment information

The Group has three reportable segments which are defined as follows: the Group facilitates communication and interaction between companies and consumers on mobile phones through a range of value-added mobile applications (B2B). The Group also develops, promotes and distributes mobile content and interactive services directly to consumers (D2C). Through the Newsworthie division the group works with publishers to deliver increased online advertising revenue and with advertisers to deliver new customers to their businesses.

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

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

Half-year ended 30 June 2011	**B2B €'000**	**D2C €'000**	**Newsworthie**	**Total €'000**
Revenue from external customers				
Ireland	815	1,738	-	2,553
UK	254	1,160	-	1,414
USA	-	1,677	-	1,677
Australia	-	25	-	25
Spain	-	530	-	530
South Africa	-	40	-	40
Total revenue	1,069	5,170	-	6,239
Segment results	**174**	**1,057**	**(287)**	**944**
Unallocated expenses [(1)]				(1,337)
Operating loss				(393)
Net finance expense				(137)
Loss before tax				(530)
Income tax				-
Loss for the period				**(530)**

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

Notes *(continued)*

5 Segment information *(continued)*

Half-year ended 30 June 2010	B2B €'000	D2C €'000	Total €'000
Revenue			
Ireland	1,649	2,659	4,308
UK	421	1,119	1,540
USA	-	2,304	2,304
Australia	-	113	113
Spain	-	415	415
South Africa	-	70	70
Total revenue	2,070	6,680	8,750
Segment profit before goodwill impairment	**96**	**1,759**	**1,855**
Impairment of goodwill	-	(6,499)	(6,499)
Segment results	**96**	**(4,740)**	**(4,644)**
Unallocated expenses [1]			(1,373)
Operating loss			(6,017)
Net finance expense			(304)
Loss before tax			(6,321)
Income tax			(199)
Loss for the period			**(6,520)**

[1] Unallocated expenses relate to control overheads such as rent, administration, salaries and office overhead costs which are not allocated to individual reportable segments.

6 Income tax

Due to losses incurred the group has not provided for any tax charge for the six month period ending 30 June 2011 (*30 June 2010: tax charge of €199,000*).

Notes *(continued)*

7 Loss per share

Basic loss per share amounts are calculated by dividing net loss 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 loss per share amounts are calculated by dividing the net loss 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 2011	Half-year ended 30 June 2010
Basic EPS	**(€0.006)**	(€0.068)
Diluted EPS	**(€0.006)**	(€0.068)

	Half-year ended 30 June 2011 €'000	Half-year ended 30 June 2010 €'000
Net loss attributable to equity holders of the company	**(530)**	(6,520)

	Half-year ended 30 June 2011	Half-year ended 30 June 2010
Basic weighted average number of shares	**96,118**	95,854
Dilutive potential ordinary shares:		
Employee share options	**852**	1,862
Diluted weighted average number of shares	**96,970**	97,716

Notes *(continued)*

8 Adjusted earnings per share

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

	Half-year ended 30 June 2011 €	Half-year ended 30 June 2010 €
Adjusted basic EPS	**0.001**	0.004
Adjusted diluted EPS	**0.001**	0.004

Adjusted net income is calculated as:

	Half-year ended 30 June 2011 €'000	Half-year ended 30 June 2010 €'000
Loss after tax	**(530)**	(6,520)
Share-based payments expense	**11**	24
Impairment of goodwill	**-**	6,499
Amortisation of intangible assets	**328**	231
Redundancy and restructuring costs	**303**	142
	112	376

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

	Half-year ended 30 June 2011 €'000	Half-year ended 30 June 2010 €'000
Reported operating loss	**(393)**	(6,017)
Depreciation	**56**	65
Share-based payment expense	**11**	24
Impairment of goodwill	**-**	6,499
Amortisation of intangible assets	**328**	231
Redundancy and restructuring	**303**	142
Newsworthie costs	**287**	-
	592	**944**

9 Share-based payments

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 company's shares at the date of grant. The rules relating to the granting of share options are disclosed in the consolidated financial statements for the year ended 31 December 2010. All of the options granted are deemed to be equity-settled.

The share-based payments expense for the period was €11,000 *(half-year ended 30 June 2010 - €24,000)*.

There were no new options granted during the period *(half year ended 30 June 2010: no share options granted)*.

10 Intangible assets

	Goodwill €'000	**Software €'000**	**Other €'000**	**Total €'000**
Cost:				
At 1 January 2011	18,824	952	5,814	**25,590**
Additions	-	184	-	**184**
Revision to goodwill	(89)	-	-	**(89)**
At 30 June 2011	**18,735**	**1,136**	**5,814**	**25,685**
Amortisation/ impairment				
At 1 January 2011	12,670	528	5,592	**18,790**
Charge for the period	-	166	162	**328**
At 30 June 2011	**12,670**	**694**	**5,754**	**19,118**
Carrying value:				
At 30 June 2011	**6,065**	**442**	**60**	**6,567**
At 31 December 2010	6,154	424	222	**6,800**
At 30 June 2010	12,555	298	427	**13,280**

Goodwill arises from business combinations in prior years. The directors recorded an impairment charge of €12.7 million in the financial statements for the year ended 31 December 2010. Details regarding the underlying assumptions determined by the directors in assessing the fair value of goodwill are disclosed in note 16 of the 31 December 2010 financial statements. The directors are satisfied that the results of the group for the period to 30 June 2011 are in line with the assumptions applied as at 31 December 2010 and that no other events have occurred in the current period which would require an impairment review of the goodwill as at 30 June 2011 to be undertaken.

The revision to the goodwill relates to the reassessment of the deferred consideration due in respect of the acquisition by the company of Red Circle Technologies Limited in 2007.

Notes *(continued)*

11 Property, plant and equipment

Acquisitions and disposals

During the half-year ended 30 June 2011, the Group acquired property, plant and equipment assets with a cost of €20,000 *(half-year ended 30 June 2010 - €21,000).*

No assets were disposed of by the Group during the half-year ended 30 June 2011 *(half-year ended 30 June 2010 - €Nil)*.

12 Capital commitments

The Group had no capital commitments at 30 June 2011 *(30 June 2010: €Nil).*

13 Subsequent events

There are no material subsequent events which would in our view impact in these half-yearly financial statements.

14 Research and development tax credits

During the period the Group received no research and development tax credits *(30 June 2010: €43,000)*. In the prior period these were offset against development costs, which were included in other administrative expenses in the condensed consolidated income statement.

15 Business combination accrual

The business combination accrual relates to the acquisition of Red Circle Technologies Limited in 2007.