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Zamano PLC
29 September 2011

Press Release **29 September 2011**

zamano PLC
("zamano" or "the Group")
Interim Results

zamano PLC (AIM:ZMNO, ESM:ZAZ), a leading provider of interactive web and mobile servicesannounces its interim results for the 6 month period ended 30 June 2011.

Highlights:

- Revenue of €6.24 million (H1 2010: €8.75 million) and gross margin of 29% (H1 2010: 32%)
- Excluding restructuring cost and investment in Newsworthie, core business achieved €0.60 million EBITDA (H1 2010: €0.95 million)
- Gross Debt reduced to €4.7 million, with cash at €1.4 million (Net Debt €3.3 million)

John O'Shea, CEO of zamano, commented: "having completed a re-structuring and re-positioning of the Group earlier in the year, we are pleased to have seen modest growth in the business in Q3 2011 compared against Q2 2011. We now intend to build upon this achievement, taking advantage of the technology platform and competitive advantages we possess in the mobile marketing space. As our investment capacity is limited, we intend focusing it entirely on opportunities related to our mobile expertise, and have suspended further investment in Newsworthie."

Mike Watson, Chairman of zamano, added: "the Group has come through a prolonged period of decline and ongoing market challenges. The Board is encouraged by the continuing resilience of the business. There are still many challenges to be overcome, including the long-term financing of the Group and ongoing changes within the mobile arena, but our confidence in the Group's performance has improved considerably."

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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.

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
29 September 2011

zamano plc and subsidiaries

Unaudited condensed consolidated income statement
for the half-year ended 30 June 2011

	Notes	**Half-year ended 30-Jun 2011 €'000**	Half-year ended 30-Jun 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		**(1,818)**	(2,028)
Depreciation		**(56)**	(65)
Amortisation of intangible assets		**(328)**	(231)
Impairment of goodwill		**-**	(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-Jun 2011 €'000	Half-year ended 30-Jun 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)

zamano plc and subsidiaries

Unaudited condensed consolidated balance sheet
at 30 June 2011

		30 June 2011	31 December 2010[1]	30 June 2010
Assets	*Notes*	**€'000**	€'000	€'000
Non-current assets				
Property, plant and equipment		**72**	108	162
Intangible assets		**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	**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 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

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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 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 preliminary financial information of zamano plc as at and for the six months ended 30 June 2011 consists 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

The half-yearly condensed consolidated preliminary financial information presented herein does 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.

The 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

The condensed consolidated preliminary financial information, included in the preliminary financial results announcement, which should be read in conjunction with the 2010 Annual Report, has been derived from the half-yearly unaudited financial statements for the 6 months ended 30 June 2011, which 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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

4 Estimates

The preparation of the condensed consolidated preliminary financial information 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 the preliminary financial information, 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	D2C	Newsworthie	Total
	€'000	€'000		€'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[2]				(1,337)
Operating loss				(393)
Net finance expense				(137)
Loss before tax				(530)
Income tax				-
Loss for the period				**(530)**

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

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Notes *(continued)*

5 Segment information *(continued)*

Half-year ended 30 June 2010	B2B	D2C	Total
	€'000	€'000	€'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[3]			(1,373)
Operating loss			(6,017)
Net finance expense			(304)
Loss before tax			(6,321)
Income tax			(199)
Loss for the period			**(6,520)**

3 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*).

zamano plc and subsidiaries

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	Half-year ended 30 June 2010
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

zamano plc and subsidiaries

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**