

zamano plc & subsidiaries

**Directors' report and
consolidated financial statements**

Year ended 31 December 2017

zamano plc & subsidiaries

Directors' report and consolidated financial statements

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Directors and other information

| | |
|---|---|
| Directors | Colin Tucker (Acting Chairman) Pat Landy (Non-Executive Director) |
| Secretary | Pat Landy (Non-Executive Director) |
| Registered office | 3 rd Floor, Hospitality House 16-20 South Cumberland Street Dublin 2 |
| Auditor | KPMG 1 Stokes Place St. Stephen's Green Dublin 2 |
| Bankers | Bank of Ireland |
| Solicitors | Eversheds 1 Earlsfort Centre Earlsfort Terrace Dublin 2 |
| Registered number | 329336 |
| Nominated advisor and broker - AIM | Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 6AS |
| Nominated advisor and broker – ESM | Investec The Harcourt Building Harcourt Street Dublin 2 |

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Acting Chairman's statement

In my Acting Chairman's statement issued in conjunction with the release of zamano plc's audited accounts for the year ended 31 December 2016, I highlighted the significant negative impact on the Group's ongoing premium rate business activities as a result of changes introduced by the mobile network operators to the subscriber sign-up process during the last quarter of 2016. These changes in the subscriber acquisition process caused the Board to take immediate action to protect the interests of all stakeholders culminating in the sale of all of zamano's operating business and assets to Kilavan Holdings Ltd with effect from 30 June 2017. The transaction was completed on 8 September 2017 following shareholder approval at an extraordinary general meeting on 30 August 2017.

As a result of this transaction, zamano is classified as a cash shell under AIM Rule 15 and an investing company under the ESM rules. The Group's audited results for the year ended 31 December 2017 therefore reflect six months operating activities and zamano's status as a cash shell investing company since 30 June 2017. Additionally, on 6 March 2018, we announced that as zamano had not completed a transaction which would enable it to restart trading within a period of six months following completion of the disposal of its trading activities, the Company's shares would be suspended on both the AIM market of the London Stock Exchange and the ESM market of the Irish Stock Exchange. The suspension took effect from 7.30am on 9 March 2018 and will continue until the Company completes an appropriate transaction. In the event that the Company's shares remain suspended for six months the admission of the Company's securities to trading on AIM and ESM will be cancelled.

For financial reporting purposes the entire business operations of the Group represent a discontinued operation and all results are displayed as such in the income statement and cash flow statements for the year ended 31 December 2017. As part of the disposal of operations effective on 30 June 2017, net liabilities of €982,000 were transferred together with cash and cash equivalents of €1,537,000 giving a loss on disposal of €555,000. Adding direct transaction costs associated with the disposal of €253,000 resulted in a total loss on the disposal of operations of €808,000.

Since 27 September 2017, the date of the Group's interim results announcement, the Board, in conjunction with the Company's legal, accounting and other advisers has continued the process of preparing the Company to be in a position to return the largest possible amount of cash to shareholders and to minimise the amount of cash, if any, that would be required to be retained to meet any unknown liabilities that could arise on a liquidation of the group.

Whilst this process has been ongoing the Board has also received a number of proposals regarding possible investment opportunities that would involve a retention of the Company's listing. The Board did not consider the large majority of such approaches to be in the best interest of Shareholder's; however, more detailed discussions have continued with one party and the Company has recently signed a memorandum of understanding with that party to acquire certain operating assets in return for the issue of new shares in the Company which will constitute a reverse takeover transaction. Alongside the reverse takeover transaction the new group will also raise new capital via an underwritten issue of new shares to a new investor. zamano shareholders will be offered an opportunity to participate in the new placing pursuant to the proposed reverse takeover transaction and it is intended that the funds from such a placing will be used to develop the new business. Under the arrangement referred to above, zamano shareholders will also be offered an opportunity to tender up to 100% of their current shareholding in the company for cash in a share tender programme.

The proposed reverse takeover transaction referred to above would require the approval of shareholders at an extraordinary general meeting. Details of the shares to be issued to the counterparty and the new investors in conjunction with the reverse takeover and capital raise referred to above, together with any return of cash to shareholders, will be communicated to shareholders by the end of June 2018 at the latest.

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Acting Chairman's statement (*continued*)

In this regard, we would advise shareholders that should the transaction contemplated in the signed memorandum of understanding not proceed for any reason, that the Board will immediately seek to obtain approval from shareholders for a cash distribution. We will, of course, keep shareholders fully apprised of all ongoing developments as they arise while we seek to provide stakeholders with the optimal commercial outcome.



Colin Tucker
Acting Chairman

26 April 2018

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Directors' report

The directors present the annual report and consolidated financial statements of zamano plc ("the Company" or "the Group") for the year ended 31 December 2017.

Principal activities

Effective 30 June 2017, the Group disposed of its interests in its trading subsidiaries, zamano solutions Limited and zamano Limited.

Since the disposal of its operating businesses, which concluded on 8 September 2017, the Company is classified as an AIM Rule 15 cash shell company under the AIM Rules and an investing company under the ESM Rules.

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 Enterprise Securities Market ("ESM") in Ireland. The financial information presents the results and position of the Group for the year ended 31 December 2017. 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").

Results for the year and dividends

Group turnover decreased to €4.3 million (2016: €32.1 million) and the Group's operating loss was €1.3 million (2016: *operating loss of €5.2 million*) which included a loss on disposal of operations of €0.9 million (note 6). Further details of the financial performance have been set out in the Acting Chairman's statement. The directors do not propose the payment of a dividend (2016: €Nil).

Post balance sheet events, future developments and going concern

The Board considers it is in Shareholders' interests to continue to examine possible investment opportunities. The Board confirms that any material or significant investment opportunity will be conditional on Shareholder approval in due course.

Having regard to the Group's bank and cash balance at the balance sheet date and at the date of approval of the financial statements together with the projected financial performance of the Group over the next 12 months from the date of approval of these financial statements, the Board considers that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis. See note 2 for details.

Principal risks and uncertainties

Details of the Group's financial risk management objectives and policies are set out at note 24 of the consolidated financial statements. Principal risks and uncertainties of the Group for the year were:

- **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.

The directors are currently assessing the prospective risks and uncertainties that the Group will face going forward as part of the strategic assessment period discussed above.

Key performance indicators

The key performance indicators focused on by the Directors up to June 2017 were revenue, gross margin, profit and cash which are detailed in the notes to the consolidated financial statement

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Directors' report (continued)

Financial risk management policies

Prior to the disposal of operating businesses, the Group's activities expose it to a variety of financial risks including interest rate, foreign currency and credit risks

Political donations

The Group and Company did not make any donations during the year disclosable in accordance with the Electoral Act 1997 (2016: €Nil).

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company's premises at 3rd Floor, Hospitality House, 16-20 South Cumberland Street, Dublin 2.

Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Directors and secretary

The directors and secretary are set out on page 1. On 13 April 2017, Fergal Scully resigned as a Non Executive Director. On 12 April 2017 Pat Landy was appointed as a Non Executive Director. In accordance with the Company's articles of association, at its annual general meeting on 9 August 2017, Colin Tucker and Pat Landy retired by rotation and were re-elected to the Board.

Directors' and secretary's interests in shares

The interests of the directors and secretary who held office at 31 December 2017 in the issued share capital of the Company at the beginning and end of the year were as follows:

| | 31 December 2017 | | | 1 January 2017 | | |
|--------------------------|-------------------------|----------------------|-----------------------|------------------------|----------------------|-----------------------|
| | Ordinary shares | Share options | Exercise price | Ordinary shares | Share options | Exercise price |
| Director | | | | | | |
| Colin Tucker | <u>83,333</u> | - | - | <u>83,333</u> | - | - |
| Company secretary | | | | | | |
| Pat Landy | - | <u>1,000,000</u> | <u>€0.0595</u> | - | <u>1,000,000</u> | <u>€0.0595</u> |

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Directors' report (*continued*)

Directors' remuneration

Directors' remuneration for the current and preceding financial years was as follows:

| Director | 2017 | | | 2016 | | | Settlement of share options | Total |
|---------------|----------|---------------|---------------|----------------|---------------|---------------|-----------------------------|----------------|
| | Salary | Fees | Consultancy | Total | Salary | Fees | Pension | |
| Colin Tucker | - | 24,000 | - | 24,000 | - | 24,000 | - | 24,000 |
| Fergal Scully | - | 6,900 | - | 6,900 | - | 20,952 | - | 20,952 |
| Ross Conlon | - | - | - | - | 80,727 | - | 2,875 | 85,000 |
| Peter Furlong | - | - | - | - | - | 2,667 | - | 2,667 |
| Pat Landy | - | 17,200 | 60,000 | 77,200 | - | 24,000 | - | 24,000 |
| John Rockett | - | - | - | - | - | 7,500 | - | 7,500 |
| Total | - | 48,100 | 60,000 | 108,100 | 80,727 | 79,119 | 2,875 | 85,000 |
| | | | | | | | | 247,721 |

The Company's share price was €0.04 (2016: €0.058) per ordinary share at the reporting date.

Directors' Compliance Statement

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, the Market Abuse (Directive 2003/6/EC) Regulations 2005, the Prospectus (Directive 2003/71/EC) Regulations 2005, the Transparency (Directive 2004/109EC) Regulations 2007, and Tax laws ('relevant obligations'). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that in their opinion are appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial year, of those arrangements and structures.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

Colin Tucker

Director

Pat Landy

Director

26 April 2018

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. As required by the AIM/ESM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that [year/period]. In preparing each of the Group and 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;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, and as regards the Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

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

On behalf of the Board



Colin Tucker
Director



Pat Landy
Director



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of zamano plc

1 Opinion: our opinion is unmodified

We have audited the Group and Company financial statements of zamano plc ("the Group" or "the Company") for the year ended 31 December 2017 set out on pages 13 to 43 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated cash flow statement and the related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation of the Group financial statements is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and, as regards the Company financial statements Irish Law and FRS 101 *Reduced Disclosure Framework*, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2017 and of its loss for the year then ended;
- the Company balance sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities are further described in the *Auditor's Responsibilities* section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of zamano plc (continued)

In arriving at our audit opinion above, the key audit matter, was as follows:

Accounting for the disposal of operations - Group

Refer to page 21 (accounting policy) and note 6 (financial disclosures).

The key audit matter

The Company disposed of its two operating subsidiaries effective 30 June 2017. The transaction represents the most significant transaction undertaken during the year.

Accounting for the disposal of operations impacts the presentation of the income statement and requires additional disclosure in the consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures included examining the key transaction documents giving effect to the transaction, testing a sample of transaction expenses arising, recalculating the loss on disposal recognised and challenging the completeness of the information used in calculating the loss on disposal.

We have considered the adequacy of the Group's disclosures in respect of the classification of discontinued operations and the loss on disposal.

Cash and bank balances – Company

Refer to page 21 (accounting policy) and note 16 (financial disclosures).

The key audit matter

The largest asset held by the Company itself at 31 December 2017 was cash of €5.0 million. We do not consider these cash balances to be significant misstatement. However due to their materiality in the context of the financial statements as a whole, it was one of the areas which was of most significance to the audit and allocation of resources in planning and completing our audit.

How the matter was addressed in our audit

We performed a bank confirmation circularisation in respect of the cash balance held at 31 December 2017. All bank confirmations agreed with accounting records without any reconciling items noted.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at €59,000 (2016: €56,000) determined with reference to a benchmark of Group loss before taxation as disclosed in the Group Consolidated Income Statement of which it represents 5% (in 2016, materiality was 5% of profit before taxation, normalised to exclude impairment of goodwill and other intangible assets of €6,500,000).

Materiality for the Company financial statements as a whole was set at €51,000 (2016: €122,000) determined with reference to a benchmark of the Company's total assets of which it represents 1% (2016: 1%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €3,000 in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 6 (2016: 6) reporting components, we subjected 3 (2016: 3) to full scope audits for group purposes (of which two were disposed of during the year and one was the Company itself), including procedures over the Company. The remaining components are dormant and were not individually financially significant enough to require audit procedures. The Group audit team carried out all of the audit work on the components audited. Coverage obtained was 100% of revenue, loss before tax and total assets.

Independent auditor's report to the members of zamano plc (continued)

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the chairman's statement and directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

6 Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Group and Company were sufficient to permit the financial statements to be readily and properly audited and the Group and Company's statement of financial position and the Group's income statement in agreement with the accounting records.

7 We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of zamano plc (continued)

8 Respective responsibilities (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description of auditors responsibilities for audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description%20of%20auditors%20responsibilities%20for%20audit.pdf)

9 The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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 our report, or for the opinions we have formed.



Eamonn Russell
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

26 April 2018

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Consolidated income statement and statement of comprehensive income

for the year ended 31 December 2017

| | Notes | Discontinued operations 31 December 2017 €'000 | Continuing operations 31 December 2017 €'000 | Total 31 December 2017 €'000 | Discontinued operations 31 December 2016 €'000 | Continuing operations 31 December 2016 €'000 | Total 31 December 2016 €'000 |
|---|-------|--|--|------------------------------------|--|--|------------------------------------|
| Revenue | 7 | 4,387 | - | 4,387 | 32,101 | - | 32,101 |
| Cost of sales | | (3,515) | - | (3,515) | (27,986) | - | (27,986) |
| Gross profit | | 872 | - | 872 | 4,115 | - | 4,115 |
| Administrative expenses | | (896) | (270) | (1,166) | (2,286) | (267) | (2,553) |
| Depreciation | 13 | (36) | - | (36) | (79) | - | (79) |
| Impairment of property, plant and equipment | 13 | (69) | - | (69) | - | - | - |
| Amortisation | 14 | - | - | - | (352) | - | (352) |
| Impairment of intangible assets | 14 | - | - | - | (6,350) | - | (6,350) |
| Loss on disposal of operations | 6 | (808) | - | (808) | - | - | - |
| Realisation of translation loss on disposal | 6 | (78) | - | (78) | - | - | - |
| Total administrative expenses | | (1,887) | (270) | (2,157) | (9,067) | (267) | (9,334) |
| Operating loss | 8 | (1,015) | (270) | (1,285) | (4,952) | (267) | (5,219) |
| Finance income | | 2 | - | 2 | 9 | - | 9 |
| Finance expense | | (7) | - | (7) | (12) | - | (12) |
| Loss before tax | | (1,020) | (270) | (1,290) | (4,955) | (267) | (5,222) |
| Income tax expense | 10 | - | - | - | (131) | - | (131) |
| Loss for the year | | (1,020) | (270) | (1,290) | (5,086) | (267) | (5,353) |

The loss for the year is solely attributable to owners of the Company.

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Consolidated income statement and statement of comprehensive income (continued)
for the year ended 31 December 2017

| <i>Other comprehensive income:</i> | Discontinued operations | Continuing operations | Total 31 December 2017 €000 | Discontinued operations | Continuing operations | Total 31 December 2016 €000 |
|--|-----------------------------|-----------------------------|--|-----------------------------|-----------------------------|--|
| | 31 December 2017 €000 | 31 December 2017 €000 | | 31 December 2016 €000 | 31 December 2016 €000 | |
| Loss for the year | (1,020) | (270) | (1,290) | (5,086) | (267) | (5,353) |
| Foreign exchange translation adjustment | (1) | - | (1) | - | - | - |
| Total comprehensive loss for the year | (1,021) | (270) | (1,291) | (5,086) | (267) | (5,353) |

The notes on pages 17 to 34 are an integral part of these consolidated financial statements.

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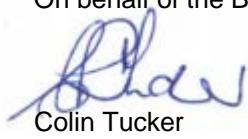
Consolidated balance sheet

as at 31 December 2017

| | Note | 2017 €'000 | 2016 €'000 |
|-------------------------------------|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | - | 105 |
| Goodwill and intangible assets | 14 | - | - |
| | | ————— | ————— |
| Total non-current assets | | - | 105 |
| Current assets | | | |
| Trade and other receivables | 15 | 124 | 2,936 |
| Cash and cash equivalents | 16 | 5,003 | 7,157 |
| | | ————— | ————— |
| Total current assets | | 5,127 | 10,093 |
| Total assets | | 5,127 | 10,198 |
| Equity | | | |
| Equity share capital | 17 | 99 | 99 |
| Share premium | 17 | 13,538 | 13,538 |
| Undenominated capital | 17 | 1 | 1 |
| Currency translation reserve | 17 | - | (77) |
| Share-based payment reserve | 17 | 39 | 205 |
| Retained loss | 17 | (8,726) | (7,602) |
| | | ————— | ————— |
| Total equity | | 4,951 | 6,164 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 176 | 4,034 |
| | | ————— | ————— |
| Total current liabilities | | 176 | 4,034 |
| Total liabilities | | 176 | 4,034 |
| Total equity and liabilities | | 5,157 | 10,198 |

The notes on pages 17 to 34 are an integral part of these consolidated financial statements.

On behalf of the Board



Colin Tucker
Director



Pat Landy
Director

26 April 2018

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Consolidated statement of changes in equity for the year ended 31 December 2017

| | Equity capital €'000 | Share premium €'000 | Undenominated capital €'000 | Retained earnings €'000 | Currency translation reserve €'000 | Share based payment reserve €'000 | Total Equity €'000 |
|--|---------------------------------|--------------------------------|--|------------------------------------|---|--|-------------------------------|
| At 1 January 2017 | 99 | 13,538 | 1 | (7,602) | (77) | 205 | 6,164 |
| Loss for the year | - | - | - | (1,290) | 78 | - | (1,212) |
| <i>Other comprehensive income:</i> | | | | | | | |
| Currency translation adjustment | - | - | - | - | (1) | - | (1) |
| Total comprehensive loss for the year | - | - | - | (1,290) | - | - | (1,213) |
| <i>Transactions in equity:</i> | | | | | | | |
| Transfer from share based payment reserve | - | - | - | 166 | - | (166) | - |
| At 31 December 2017 | 99 | 13,538 | 1 | (8,726) | - | 39 | 4,951 |
| At 1 January 2016 | 99 | 13,538 | 1 | (2,413) | (60) | 438 | 11,603 |
| Loss for the year | - | - | - | (5,353) | - | - | (5,353) |
| <i>Other comprehensive income:</i> | | | | | | | |
| Currency translation adjustment | - | - | - | - | (17) | - | (17) |
| Total comprehensive loss for the year | - | - | - | (7,766) | (77) | - | (5,370) |
| <i>Transactions in equity:</i> | | | | | | | |
| Settlement of share options | - | - | - | (31) | - | (54) | (85) |
| Share based payment expense | - | - | - | - | - | 16 | 16 |
| Transfer from share based payment reserve | - | - | - | 195 | - | (195) | - |
| At 31 December 2016 | 99 | 13,538 | 1 | (7,602) | (77) | 205 | 6,164 |

zamano plc & subsidiaries

Consolidated cash flow statement for the year ended 31 December 2017

| | 2017 €'000 | 2016 €'000 |
|---|----------------|---------------|
| Cash flows from operating activities | | |
| Loss after tax | (1,290) | (5,353) |
| <i>Adjustments to reconcile loss for the year to net cash inflow from operating activities:</i> | | |
| Income tax expense | - | 131 |
| Loss on disposal of operations | 886 | - |
| Depreciation | 36 | 79 |
| Impairment of fixed assets | 69 | - |
| Amortisation of intangible assets | - | 352 |
| Impairment of intangible assets | - | 6,350 |
| Share-based payments expense | - | 16 |
| Decrease in trade and other receivables | 2,686 | 1,463 |
| Decrease in trade and other payables | (3,859) | (1,545) |
| Finance income | (2) | (9) |
| Finance expense | 7 | 12 |
| Cash (outflow)/inflow from operations | (1,467) | 1,496 |
| Interest paid | (7) | (12) |
| Income tax received/(paid) | 128 | (187) |
| Net cash (outflow)/inflow from operating activities | (1,346) | 1,297 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | - | (42) |
| Capitalisation of development expenditure | - | (275) |
| Interest received | 2 | 9 |
| Cash transferred of disposing of operations | (808) | - |
| Net cash outflow from investing activities | (806) | (308) |
| Cash flows from financing activities | | |
| Settlement of share options | - | (85) |
| Repayment of debt | - | (71) |
| Net cash outflow from financing activities | - | (156) |
| Net (decrease)/increase in cash and cash equivalents | (2,152) | 833 |
| Cash and cash equivalents at 1 January | 7,155 | 6,322 |
| Cash and cash equivalents at 31 December | 5,003 | 7,155 |

zamano plc & subsidiaries

Notes

forming part of the financial statements

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 3rd Floor, Hospitality House, 16-20 South Cumberland Street, Dublin 2. The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise of the financial statements of the Company and its subsidiaries ("the Group").

The Company's shares are publicly traded on the London Alternative Investment Market ("AIM") and the Enterprise Securities Market ("ESM") in Dublin. Prior to the disposal of its operations as discussed in note 6, the principal activities of the Group were 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. 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 4, none of which will impact the Group in its current cash-shell form. The consolidated financial statements were authorised for issue by the board of directors on 26 April 2018.

(b) Going concern

The Group had net assets of €4.9 million at 31 December 2017 (2016: €6.2 million) which includes cash and cash equivalents of €5 million (2015: €7.2 million).

Having regard to the events detailed in post balance sheet events note 23(b) surrounding the completion of a strategic decision review undertaken by the board effective March 2018, and having considered the availability of cash resources for the Group to continue to meet its liabilities as they fall due for a period no shorter than 12 months from the date of approval of these consolidated financial statements, the Board considers that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

(c) Basis of measurement

The consolidated financial statements for the year ended 31 December 2017 have been prepared on an historical cost basis.

(d) Functional and presentation currency

These consolidated financial statements are presented in euro which was the functional currency of the Company and the majority of the entities controlled by the Group during the year. All financial information presented in euro has been rounded to the nearest thousand.

zamano plc & subsidiaries

Notes (continued)

2 Basis of preparation (continued)

(e) Basis of consolidation

All subsidiaries have a financial year end of 31 December.

Business combinations are accounted for using the acquisition method as at the acquisition date, i.e. when control is transferred to the Group. The consolidated financial statements consolidate the financial statements of zamano plc and all its subsidiaries up to 31 December 2017.

The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through the power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Refer to note 6 for details of subsidiaries disposed during the year.

3 Summary of significant accounting policies

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.

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

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.

Revenue recognition

Prior to the disposal of its operations revenue represented the amount (excluding Value Added Tax) derived from the provision of services to customers. Revenue from the provision of mobile data services was recognised on the basis of receipted transactions with the ultimate end user. Where the Group acted as a principal supplier of mobile phone content, entertainment and other services, revenue was recorded before the deduction of revenue share payments to network operators. Where the Group acted as a service provider to third parties, revenue recorded before the deduction of revenue share payments to network providers but net of revenue share payments to third parties.

Research and development expenditure

Expenditure on research (or the research phase of an internal project) was recognised in the income statement as incurred.

zamano plc & subsidiaries

Notes (continued)

3 Summary of significant accounting policies (continued)

Research and development expenditure (continued)

An intangible asset arising from development expenditure on an individual project was recognised only when the Group could 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 amortised over the asset's useful life. Development costs not meeting the criteria for capitalisation were expensed as incurred.

Pension costs

The Group operated a defined contribution pension scheme. The assets of the scheme were held separately from the Group in independently administered funds. Contributions were charged to the income statement as they become payable in accordance with the rules of the scheme.

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 reporting date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to other 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 temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Tangible fixed assets

Tangible fixed assets were stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation was 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:

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Notes (continued)

3 Summary of significant accounting policies (continued)

Tangible fixed assets (continued)

| | |
|-----------------------|---------|
| Computer equipment | 3 years |
| Leased equipment | 3 years |
| Fixtures and fittings | 3 years |

The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Operating leases

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

Foreign currencies

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 reporting date. Exchange differences are recognised in the income statement.

The functional currency of the Group's principal foreign operation (prior to its disposal), 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 dates of the transaction. The exchange differences arising on the translation are recognised directly in a separate component of equity, and are reclassified to the income statement on disposal.

Share-based payments - equity-settled transactions

The cost of equity-settled transactions with employees and directors 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, unless they are subject to a market condition.

At each reporting 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 reporting 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.

zamano plc & subsidiaries

Notes (continued)

3 Summary of significant accounting policies (continued)

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, were recognised and carried at the lower of their original invoiced value, which approximates fair value, and recoverable amount. An impairment was made when there was objective evidence that the Group may not be able to recover balances in full. The amount of the impairment was recognised in the income statement. Balances were written off the gross receivable and the related provision was eliminated when the probability of recovery is assessed as being unlikely.

Trade and other creditors

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business. Creditors are classified as current liabilities if payment is due within one year or less. Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

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.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is a part of a single co-ordinated plan to dispose of a separate major line of business or geographic; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive is re-presented as if operation had been discontinued from the start of the comparative year.

4 New standards and interpretations

Below is a list of standards and interpretations that were required to be applied for the year ended 31 December 2017. There was no material impact to the financial statements in the period from these standards:

- | | |
|--|----------------|
| • Amendments to IAS 7: Disclosure Initiative | 1 January 2017 |
| • Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |

A number of new standards, amendments to standards and interpretations are effective for future reporting periods of the Group, and have not been applied in preparing the consolidated financial statements.

zamano plc & subsidiaries

Notes (continued)

4 New standards and interpretations (continued)

The Group does not plan to early-adopt these standards nor does the Group expect there to be any impact of these new standards in the absence of a principal activity.

| Standards and interpretations not yet adopted | Effective date |
|--|-----------------------|
| • IFRS 15: Revenue from Contracts with Customers | 1 January 2018 |
| • IFRS 9: Financial Instruments | 1 January 2018 |
| • IFRS 16: Leases | 1 January 2019 |
| • Amendments to IFRS 2: Classification and measurement of share-based payment transactions | 1 January 2018 |

5 Significant account judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS as adopted by the EU 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 renewed 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 Directors have reviewed the balance sheet as at 31 December 2017 and have assessed that the Group does not have any significant source of estimation uncertainty at the date of approval of these consolidated financial statements.

6 Discontinued operations

As outlined in the Circular document issued to shareholders dated 14 August 2017, in February 2017, the board of directors ("the board") of the Group took the decision to formally wind down all existing Premium Rate SMS business lines due to changes introduced by MNOs during the last quarter of 2016 which significantly impacted the Group and its Business to Business ("B2B") customers' ability to acquire new subscribers on the Payforit platform.

As anticipated, the impact of the changes to the business resulted in a significant decrease in the Group's revenue and operating margin during the six month period ended 30 June 2017. During this period, the board subsequently concluded that the wind down of the Premium Rate SMS business would most effectively be completed by a sale of the Group's operating business. A sales process was instigated, during the course of which Group management agreed to purchase the Group's operating business.

On 11 August 2017, the Group entered into a conditional Sale and Purchase Agreement to sell all of the Group's operating business to Kilavan Holdings Limited ("the buyer"), a related party (note 20) with effect from 1 July 2017. This transaction concluded on 8 September 2017 following approval by the Company's shareholders at the Extraordinary General Meeting (EGM) which took place on 30 August 2017.

The entire business operations of the Group therefore represent a discontinued operation and as a consequence all results have been displayed as such in the consolidated income statement and statement of other comprehensive income, except for the administration costs incurred in respect of the ongoing operations of the Group, involving its listing on the Alternative Investment Market (AIM) and Enterprise Securities Market (ESM) stock exchanges and any costs specifically excluded from the plan to sell the Premium Rate SMS business.

The comparative consolidated income statement has been re-presented to show the discontinued operation separately from continuing operations.

zamano plc & subsidiaries

Notes (continued)

6 Discontinued operations (continued)

Effective 1 July 2017, net working capital liabilities of €982,000 together with cash and cash equivalents of €1,537,000 were transferred to the buyer through the disposal of the Group's 100% interest in the issued share capital of Zamano Limited and Zamano Solutions Limited, representing the fair value of the asset and liabilities in the disposal Group. Consideration of €1 was received from the buyer in exchange and a loss on disposal of €554,999 was expensed to the income statement. Transaction costs associated with the disposal of operations totalled €253,000 giving a total loss on disposal of operations of €886,000 including realisation of translation losses on the disposal of Zamano Limited (the Group's principal foreign subsidiary) of €78,000.

7 Operating segments

Prior to their disposal, the Group was managed based on two primary reportable segments which were defined based on geographical markets of Republic of Ireland ("ROI") and United Kingdom ("UK"). It also had sales in other jurisdictions but these are not deemed to be standalone reportable segments under the requirements of IFRS 8 and are classified as "other locations".

The Group's sales consisted of the development, promotion and distribution of mobile content and interactive services directly to consumers and also facilitating the communication and interaction between businesses and consumers on mobile phones through a range of value-added mobile applications. Performance was measured based on segment results as included in the reports that are reviewed by the Group's Chief Operating Decision Maker ("CODM") which have determined to be the board of directors.

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

| Year ended 31 December 2017 | ROI €000 | UK €000 | Other locations €000 | Total €000 |
|------------------------------------|---------------------|--------------------|-------------------------------------|-----------------------|
| External revenue | 1,930 | 2,181 | 329 | 4,387 |
| Gross profit | 357 | 448 | 70 | 875 |
| Loss on disposal of subsidiaries | | | | (808) |
| Loss on translation reserve | | | | (78) |
| Unallocated expenses | | | | (1,274) |
| Operating loss | | | | (1,285) |
| Net finance expense | | | | (5) |
| Loss before income tax | | | | (1,290) |
| Income tax expense | | | | - |
| Loss for year | | | | (1,290) |

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Notes (*continued*)

7 Operating segments (*continued*)

Unallocated expenses include the following non cash items:

| | €000 |
|--------------|------|
| Depreciation | 36 |
| Impairment | 69 |

Unallocated expenses also include central overhead and payroll costs which are not allocated to individual reporting segments and loss on a disposal of a business.

As of 31 December 2017 the balance sheet of the Group includes include €5,127,000 of unallocated assets and €176,000 of unallocated liabilities. None of these assets or liabilities are allocated to an operating segment.

| Year ended 31 December 2016 | ROI €000 | UK €000 | Other locations €000 | Total €000 |
|------------------------------------|---------------------|--------------------|-------------------------------------|-----------------------|
| External revenue | 2,782 | 28,193 | 1,126 | 32,101 |
| Gross profit | 670 | 3,287 | 158 | 4,115 |
| Impairment expense | (572) | (5,588) | (190) | (6,350) |
| Unallocated expenses | - | - | - | (2,984) |
| Operating loss | | | | (5,219) |
| Net finance expense | | | | (3) |
| Loss before income tax | | | | (5,222) |
| Income tax expense | | | | (131) |
| Loss for year | | | | (5,353) |

Unallocated expenses include the following non cash items:

| | €000 |
|-----------------------------|------|
| Depreciation | 79 |
| Amortisation | 352 |
| Share based payment expense | 16 |

Unallocated expenses also include central overhead and payroll costs which are not allocated to individual reporting segments.

zamano plc & subsidiaries

Notes (*continued*)

7 Operating segments (*continued*)

| As at 31 December 2016 | ROI €000 | UK €000 | Other locations €000 | Total €000 |
|-------------------------------|---------------------|--------------------|-------------------------------------|-----------------------|
| Segment assets | 264 | 2,585 | 87 | 2,936 |
| Unallocated assets | - | - | - | 7,262 |
| Total assets | | | | 10,198 |
| Segment liabilities | (363) | (3,550) | (121) | (4,034) |
| Total liabilities | | | | (4,034) |

| 8 Operating loss | 2017 €000 | 2016 €000 |
|---|----------------------|----------------------|
| <i>This is arrived at after charging/(crediting)</i> | | |
| Directors' remuneration: | | |
| - emoluments | - | 81 |
| - fees | 48 | 79 |
| - pension contributions | - | 3 |
| - social insurance | - | 9 |
| - share option charge | - | 16 |
| Depreciation | 36 | 79 |
| Amortisation of intangible assets | - | 352 |
| Impairment of fixed assets | 69 | - |
| Impairment of goodwill and intangible assets | - | 6,350 |
| Auditor's remuneration: | | |
| - Audit fees including expenses ⁽¹⁾ | 30 | 56 |
| - Other assurance fees | 12 | 14 |
| Research and development expenditure | - | 302 |
| Operating lease rentals – premises | 89 | 98 |

(1) Audit fees include financial statement audit work performed in respect of the consolidated financial statements. €30,000 (2016: €56,000) relates to audit services provided to the Company.

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Notes (continued)

8 Operating loss (continued)

Employees and remuneration (continued)

The average number of monthly employees employed by the Group throughout the year was as follows:

| | 2017 No. of employees | 2016 No. of employees |
|-------------------------------|--------------------------------------|--------------------------------------|
| Sales and marketing | 1 | 8 |
| Research and development | 2 | 8 |
| Management and administration | 2 | 3 |
| | ————— | ————— |
| | 5 | 19 |
| | ————— | ————— |

| <i>Staff costs comprise:</i> | 2017 €000 | 2016 €000 |
|------------------------------|----------------------|----------------------|
| Wages and salaries | 395 | 1,315 |
| Social welfare | 43 | 131 |
| Pension costs | 16 | 39 |
| Healthcare | 14 | 33 |
| Other staff costs | 3 | 96 |
| Share-based payments expense | - | 16 |
| Redundancy costs | - | 52 |
| | ————— | ————— |
| | 471 | 1,682 |
| | ————— | ————— |

9 Share-based payments

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

Options granted to executive directors and employees since October 2006 vest 3 years after the grant date and cannot be exercised more than 7 years after the grant date.

The share based payment expense for the year was €Nil (2016: €16,000). The expiration of 3,518,927 (2016: 200,000) share options in the current year resulted in a recycling of €166,000 (2016: €195,000) as recorded in equity. In accordance with the scheme rules, options in the current year expired as employees who held vested options ceased employment with the Group. No new options were granted during the year (2016: Nil).

The Company's share price was €0.04 (2016: €0.058) per ordinary share at the reporting date.

The following table sets out the grant date, number of and exercise price of share options exercisable at the reporting date:

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Notes (*continued*)

9 Share-based payments (*continued*)

| Dates of grant | 2017 Shares | 2017 Exercise price | 2016 Shares | 2016 Exercise price |
|----------------------------|----------------|---------------------------|----------------|---------------------------|
| March 2013 | 1,000,000 | €0.0595 | 4,518,972 | €0.0595 |
| Exercisable at 31 December | 1,000,000 | | 4,518,972 | |
| Weighted average life | 2.2 years | | 3.2 years | |

10 Income taxes

| (a) Amounts recognised in profit or loss | 2017 €'000 | 2016 €'000 |
|---|---------------|---------------|
| <i>Current tax expense:</i> | | |
| Current year | - | 24 |
| <i>Deferred tax expense:</i> | | |
| Derecognition of deferred tax asset | - | 107 |
| Total tax expense | - | 131 |
| <hr/> | | |
| (b) Reconciliation of effective tax rate | 2017 €'000 | 2016 €'000 |
| Loss for the year before taxation | (1,290) | (5,222) |
| <i>Loss for the year multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%</i> | <i>(161)</i> | <i>(653)</i> |
| Effects of: | | |
| Loss on the disposal of operations | 111 | - |
| Impairment of fixed assets | 9 | - |
| Other expenses not deductible | 34 | 2 |
| Acceleration of capital allowances | - | (127) |
| Derecognition of deferred tax asset | - | 107 |
| Income not taxable | - | (2) |
| Other timing differences | 7 | 10 |
| Total tax expense | - | 131 |

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Notes (*continued*)

| 11 Loss for the financial year in the parent entity holding company | 2017 €'000 | 2016 €'000 |
|---|---------------|---------------|
| Loss after tax in the parent entity holding company amounted to: | (7,199) | (6,049) |

The Company is availing of the exemption set out in Section 304 of the Companies Act 2014 from presenting its individual profit and loss account.

12 Loss per share

Basic loss per share amounts are calculated by dividing net loss 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 (loss) 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 if the effect is not accretive.

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

| | 2017 | 2016 |
|-------------|----------|----------|
| Basic EPS | (€0.012) | (€0.054) |
| Diluted EPS | (€0.012) | (€0.054) |

The potential ordinary shares are antidilutive in the current year given the performance as disclosed below. Consequently Diluted EPS is equivalent to Basic EPS for the year ended 31 December 2017, and for the prior year.

| | 2017 €'000 | 2016 €'000 |
|---|------------------------------|------------------------------|
| Net loss attributable to equity holders of the parent | (1,290) | (5,353) |
| | 2017 Numbers in thousands | 2016 Numbers in thousands |
| Basic weighted average number of shares | 99,451 | 99,451 |
| <i>Dilutive potential ordinary shares:</i> | - | - |
| Employee share options | - | - |
| Diluted weighted average number of shares | 99,451 | 99,451 |

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Notes (*continued*)

13 Property, plant and equipment

| | Computer equipment €000 | Leased equipment €000 | Fixtures and fittings €000 | Total €000 |
|----------------------------|--|--------------------------------------|---|-----------------------|
| Cost | | | | |
| At 1 January 2016 | 1,186 | 80 | 83 | 1,349 |
| Additions | 42 | - | - | 42 |
| | _____ | _____ | _____ | _____ |
| At 1 January 2017 | 1,228 | 80 | 83 | 1,391 |
| Disposal of business | (1,228) | (80) | (83) | (1,391) |
| | _____ | _____ | _____ | _____ |
| At 31 December 2017 | | | | |
| | _____ | _____ | _____ | _____ |
| Depreciation | | | | |
| At 1 January 2016 | 1,044 | 80 | 83 | 1,207 |
| Charge during year | 79 | - | - | 79 |
| | _____ | _____ | _____ | _____ |
| At 1 January 2017 | 1,123 | 80 | 83 | 1,286 |
| Charge during year | 36 | - | - | 36 |
| Impairment charge | 69 | - | - | 69 |
| Disposal of business | (1,228) | (80) | (83) | (1,391) |
| | _____ | _____ | _____ | _____ |
| At 31 December 2017 | | | | |
| | _____ | _____ | _____ | _____ |
| Net book value | | | | |
| At 31 December 2017 | | | | |
| | _____ | _____ | _____ | _____ |
| At 31 December 2016 | 105 | - | - | 105 |
| | _____ | _____ | _____ | _____ |

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Notes (*continued*)

14 Intangible assets

| | Goodwill €'000 | Software €'000 | Other €'000 | Total €'000 |
|---------------------------------------|-------------------|-------------------|-----------------------------|-----------------------------|
| Cost | | | | |
| At 1 January 2016 | 18,735 | 2,691 | 5,814 | 27,240 |
| Additions | - | 275 | - | 275 |
| | _____ | _____ | _____ | _____ |
| At 1 January 2017 | 18,735 | 2,966 | 5,814 | 27,515 |
| | _____ | _____ | _____ | _____ |
| Disposal of business | (18,735) | (2,966) | (5,814) | (27,515) |
| | _____ | _____ | _____ | _____ |
| At 31 December 2017 | - | - | - | - |
| | _____ | _____ | _____ | _____ |
| At 1 January 2016 | 12,385 | 2,614 | 5,814 | 20,813 |
| Impairment charge | 6,350 | - | - | 6,350 |
| Charge during year | - | 352 | - | 352 |
| | _____ | _____ | _____ | _____ |
| At 1 January 2017 | 18,735 | 2,966 | 5,814 | 27,515 |
| | _____ | _____ | _____ | _____ |
| Disposal of business | (18,735) | (2,966) | (5,814) | (27,515) |
| | _____ | _____ | _____ | _____ |
| At 31 December 2017 | - | - | - | - |
| | _____ | _____ | _____ | _____ |
| Carrying value | | | | |
| At 31 December 2017 | - | - | - | - |
| | _____ | _____ | _____ | _____ |
| At 31 December 2016 | - | - | - | - |
| | _____ | _____ | _____ | _____ |
| 15 Trade and other receivables | | | 2017 €'000 | 2016 €'000 |
| Trade receivables | | | - | 2,722 |
| Prepayments | | | 21 | 86 |
| Corporation tax receivable | | | - | 128 |
| Value Added Tax receivable | | | 103 | - |
| | | | _____ | _____ |
| | | | 124 | 2,936 |
| | | | _____ | _____ |

In the opinion of the directors the carrying value of the trade and other payables balances approximate their fair value at both 31 December 2017 and 31 December 2016.

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Notes (continued)

16 Cash and cash equivalents

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

| | 2017 €000 | 2016 €000 |
|--|---------------------|---------------------|
| Cash at bank and deposits of less than 3 months maturity | 5,003 | 7,157 |
| | <hr/> | <hr/> |

The above cash balances are held with Irish financial institutions, which had a Standard & Poor's credit rating of BBB as at 31 December 2017.

17 Equity

| | 2017 €000 | 2016 €000 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

Authorised

| | | |
|--|--------------|-------|
| 3,600,000,000 Ordinary shares of €0.001 each | 3,600 | 3,600 |
| | <hr/> | <hr/> |

Issued and fully paid

| | | |
|---|-----------|-------|
| 99,451,244 Ordinary shares of €0.001 each | 99 | 99 |
| | <hr/> | <hr/> |

Share premium

The share premium account represents the premium paid over the nominal or par value of Ordinary Share on new share issues.

Undenominated capital

This is a capital conversion reserve and represents reserves created in respect of previously converted Ordinary Shares of €0.01 each.

Currency translation reserve

The translation reserve comprised all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share-based payment reserve

The share based payment reserve comprises the cumulative expense of equity settled transactions with employees and directors of the Group.

Retained loss

Retained loss represents accumulated comprehensive loss for the financial year and prior financial years plus share-based payments adjustments.

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Notes (*continued*)

| 18 Trade and other payables | 2017 €000 | 2016 €000 |
|------------------------------------|----------------------------|----------------------------|
| Trade payables and accruals | 174 | 3,691 |
| PAYE/PRS1 | 2 | 45 |
| VAT | - | 298 |
| | 176 | 4,034 |

In the opinion of the directors the carrying value of the trade and other payables balances approximate their fair value at both 31 December 2017 and 31 December 2016.

19 Commitments

The Group and Company, leases its premises under a non cancellable lease agreement which expires in September 2018. The future minimum rental commitments are as follows:

| | 2017 €000 | 2016 €000 |
|----------------------------|----------------------------|----------------------------|
| <i>Due:</i> | | |
| In less than one year | 64 | 86 |
| Between one and five years | - | 64 |
| | 64 | 150 |

20 Related party disclosures

On 11 August 2017, the Group entered into a conditional Sale and Purchase Agreement to sell the entire issued share capital of Zamano Solutions Limited and Zamano Limited to Kilavan Holdings Limited, a company wholly owned by Michael Connolly and Brian Gilsenan. Michael Connolly and Brian Gilsenan are directors of Zamano Solutions Limited.

Michael Connolly is a director of Zamano Limited (a disposed subsidiary) and Pat Landy, is the secretary of the Company. Both Michael Connolly and Brian Gilsenan were considered to be key personnel to the Group during the year, as defined by IAS 24 *Related Party Transactions*.

Compensation of key management

| | 2017 €000 | 2016 €000 |
|------------------------------|----------------------------|----------------------------|
| Short-term employee benefits | 239 | 408 |
| Share based payments | - | 16 |
| Pension benefits | 6 | 14 |
| Settlement of share options | - | 85 |
| Consultancy fees | 60 | - |
| | 244 | 523 |

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Notes (*continued*)

20 Related party disclosures (*continued*)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and includes the executive and non-executive directors and certain members of senior management. Key management personnel received total compensation of €244,000 (2016: €523,000) during the year ended 31 December 2017. Total remuneration is included in other administrative expenses.

21 Financial risk management objectives and policies

The Group's principal financial liability comprises of trade payables. The main purpose of this financial liability is to finance the Group's operations. The Group has various financial assets, such as trade receivables and cash, which arise directly from its operations. The residual risk arising from the Group's financial instruments are liquidity risk. The policies for managing this risk is summarised below.

Credit risk

Credit exposures for the Group's financial assets are detailed in note 16.

Liquidity risk

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

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

| <i>At 31 December 2017</i> | On demand €000 | Less than 12 months €000 | 1 to 2 years €000 | Total €000 |
|----------------------------|---------------------------|---|----------------------------------|-----------------------|
| Trade and other payables | 176 | - | - | 176 |
| | 176 | - | - | 176 |
| <i>At 31 December 2016</i> | | | | |
| | On demand €000 | Less than 12 months €000 | 1 to 2 years €000 | Total €000 |
| Trade and other payables | 4,034 | - | - | 4,034 |
| | 4,034 | - | - | 4,034 |

Fair value

The Group's trade receivables, cash and trade payables amounts, because of their short term nature, are considered to approximate fair value.

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Notes (continued)

22 Litigation

Prior to the disposal of its operations, in the normal course of business, the Group was involved in various legal proceedings with third parties, the outcome of which is uncertain. Where appropriate, provision continues to be made in the consolidated financial statements based on the directors' best estimate of the potential outcome of such proceedings. It is the policy of the Group to rigorously defend all legal actions taken against the Group.

23 Post balance sheet events

(a) Suspension of trading

As previously announced, since completion of the disposal on 8 September 2017 as detailed in note 6, the Group and Company is classified as an *AIM Rule 15 cash shell company* under the AIM Rules and an "*investing company*" under the ESM Rules.

Since the Group and Company did not complete its stragetic decision process within a period of six months following completion of the disposal, the Company's shares were suspended on both the AIM market of the London Stock Exchange and the ESM market of the Irish Stock Exchange on 9 March 2018.

(b) Completion of stragetic review and reverse takeover transaction

Following on from the strategic decisions taken by the Board during the year to wind down and dispose of existing operations (note 6), in April 2018, the board approved a Memorandum of Understanding with a counterparty to acquire certain operating assets in return for the issue of new shares in the Company which will constitute a reverse takeover transaction. Alongside the reverse takeover transaction the new group will also raise new capital via an underwritten issue of new shares to a new investor. zamano shareholders will be offered an opportunity to participate in the new placing pursuant to the proposed reverse takeover transaction and it is intended that the funds from such a placing will be used to develop the new business. Under the arrangement referred to above, zamano shareholders will also be offered an opportunity to tender up to 100% of their current shareholding in the company for cash in a share tender programme.

24 Approval of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 April 2018.

zamano plc & subsidiaries

Company balance sheet

as at 31 December 2017

| | Note | 2017 €'000 | 2016 €'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Financial assets | 2 | - | 6,205 |
| | | ————— | ————— |
| Current assets | | | |
| Cash at bank | | 5,003 | |
| Debtors: | | | |
| - <i>trade and other receivables</i> | 3 | 124 | 19 |
| - <i>amount due from subsidiary undertaking</i> | 3 | - | 6,018 |
| | | ————— | ————— |
| | | 5,127 | 6,037 |
| | | ————— | ————— |
| Creditors: amounts falling due within one year | | | |
| - <i>trade and other payables</i> | 4 | (181) | (82) |
| - <i>amounts due to subsidiary undertakings</i> | 4 | (19,633) | (19,648) |
| | | ————— | ————— |
| | | (19,814) | (19,730) |
| | | ————— | ————— |
| Net current liabilities | | (14,687) | (13,693) |
| | | ————— | ————— |
| Total assets less current liabilities | | (14,687) | (7,488) |
| | | ————— | ————— |
| Net liabilities | | (14,687) | (7,488) |
| | | ————— | ————— |
| Capital and reserves | | | |
| Called up share capital | | 99 | 99 |
| Share premium | | 13,538 | 13,538 |
| Undenominated capital | | 1 | 1 |
| Profit and loss account | | (28,364) | (21,595) |
| Share-based payment reserve | | 39 | 469 |
| | | ————— | ————— |
| Shareholders' deficit | | (14,687) | (7,488) |
| | | ————— | ————— |

On behalf of the Board



Colin Tucker
Director



Pat Landy
Director

zamano plc & subsidiaries

Company statement of changes in equity
for the year ended 31 December 2017

| | Called up share capital €'000 | Share premium €'000 | Undenominated capital €'000 | Profit and loss account €'000 | Share-based payment reserve €'000 | Total equity €'000 |
|--|----------------------------------|------------------------|--------------------------------|----------------------------------|--------------------------------------|-----------------------|
| At 1 January 2017 | 99 | 13,538 | 1 | (21,595) | 469 | (7,488) |
| Total comprehensive loss for the year | | | | | | |
| Loss for the year | - | - | - | (7,199) | - | (7,199) |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Total comprehensive loss for the year | - | - | - | (7,199) | - | (7,199) |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Other transactions | | | | | | |
| Transfer from Share based payment reserve | - | - | - | 430 | (430) | - |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| At 31 December 2017 | 99 | 13,538 | 1 | (28,364) | 39 | (14,687) |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| At 1 January 2016 | 99 | 13,538 | 1 | (15,530) | 453 | (1,439) |
| Total comprehensive profit for the year | | | | | | |
| Loss for the year | - | - | - | (6,065) | - | (6,065) |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Total comprehensive income for the year | - | - | - | (6,065) | - | (6,065) |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Other transactions | | | | | | |
| Share based payment expense | - | - | - | - | 16 | 16 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| At 31 December 2016 | 99 | 13,538 | 1 | (21,595) | 469 | (7,488) |
| | ===== | ===== | ===== | ===== | ===== | ===== |

zamano plc & subsidiaries

Notes to the company balance sheet

1 Accounting policies

Basis of preparation

(a) Statement of compliance

zamano plc (the “Company”) is a company incorporated and domiciled in Ireland. The address of its registered office is 3rd Floor Hospitality House, 16-20 Cumberland Street South, Dublin 2.

These financial statements are prepared on the historical cost basis and were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”) as issued in August 2014.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of zamano plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared in euro and are rounded to the nearest thousand.

(b) Going concern

The Company has net liabilities of €14.58 million (2016: €7.49 million) at the reporting date which include amounts owed to wholly owned subsidiary undertakings of €19.63 million (2016: €19.65 million).

As the directors have received written confirmation and are satisfied that the amounts owed at the reporting date will not be called for repayment for a period of at least twelve months from the date of approval of these financial statements, and for reasons as set out in note 23(b) to the consolidated financial statements, the financial statements of the Company have been prepared on a going concern basis.

zamano plc & subsidiaries

Notes (*continued*)

1 Accounting policies (*continued*)

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 less impairment. They are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Foreign currencies

The functional and presentation 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.

Taxation

The charge for taxation is based on the (loss)/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 | 2017 €000 | 2016 €000 |
|--|--------------|--------------|
| <i>Investments in subsidiary undertakings:</i> | | |
| As at 1 January | 6,205 | 12,254 |
| Share option charge in relation to employees of subsidiaries | - | 16 |
| Disposal of subsidiaries | - | - |
| Impairment charge | (6,205) | (6,065) |
| As at 31 December | - | 6,205 |

During the year, the Company disposed of its 100% interests in the issued share capital of Zamano Solutions Limited and Zamano Limited, as detailed in note 6 to the consolidated financial statements, which were incorporated and held at nominal cost of £1(€1) and €4 respectively. Based on the expected cashflows no longer expected to flow to the Company as a consequence of this disposal, the Company recorded an impairment provision in respect of its investment in another group undertaking.

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Notes (*continued*)

2 Financial fixed assets (*continued*)

The subsidiary undertakings of the Company, together with the percentage beneficial holding of the ordinary shares as at 31 December 2017, are set out below:

| Company name | Shares directly held | Principal activity | Registered office |
|--------------------------------------|-----------------------------|---------------------------|--------------------------|
| M-iSphere Telecommunications Limited | 100% | Dormant | 1 |
| Enabletel Limited | 100% | Dormant | 1 |
| Red Circle Technologies Limited | 100% | Dormant | 1 |

1 - 3rd Floor, Hospitality House, 16-20 Cumberland Street South, Dublin 2.

| 3 Debtors | 2017 | 2016 |
|---|-------------|-------------|
| | €000 | €000 |
| VAT receivable | 103 | - |
| Prepayments | 21 | 19 |
| Amounts due from subsidiary undertaking | - | 6,018 |
| | 124 | 6,037 |
| | ===== | ===== |
| 4 Creditors: amounts due within one year | 2017 | 2016 |
| | €000 | €000 |
| Trade creditors and accruals | 179 | 82 |
| PAYE/PRSI | 2 | - |
| Amounts owed to subsidiary undertakings | 19,633 | 19,648 |
| | 19,814 | 19,730 |
| | ===== | ===== |

Amounts owed to subsidiary undertakings are interest free and repayable on demand.

5 Commitments, contingencies and related parties

Details of Company related commitments and contingencies are set out in note 22 to the consolidated financial statements. Related party transactions are set out in notes 3 and 4 to the Company balance sheet, the directors' report and note 20 to the consolidated Group financial statements.

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Notes *(continued)*

6 Approval of financial statements

The Company financial statements were approved and authorised for issue by the board of directors on 26 April 2018.