



Zaio Releases Second Quarter Financial Results

Company Reports Record Revenues

CALGARY, AB, August 20, 2008 -- Zaio Corporation (TSX-V: ZAO) announced today their results for the three and six months ended June 30, 2008. Revenue in the second quarter of 2008 increased to CDN\$6.7 million (US\$6.7 million) compared to CDN\$1.7 million (US\$1.5 million) in the second quarter of 2007 bringing the total revenue for the first six months of the year to CDN\$12.7 million (US\$12.6 million) compared to CDN\$1.8 million (US\$1.6 million) for the first six months of 2007. Net loss in the second quarter of 2008 was CDN\$1.8 million (US\$1.8 million) compared to a loss of CDN\$2.8 million (US\$2.6 million) in the second quarter of 2007 and CND\$3.4 million (US\$3.3 million) for the first six months of 2008 compared to CDN\$3.8 million (US\$3.3 million) for the same period in the prior year.

“The Company reported record revenues and made significant progress with its proprietary technology development during the quarter,” stated Douglas Vincent, CEO. “Zaio was pleased to announce the successful implementation of this technology in July as initial Zones were brought to “Live” status. The Company is now focused on leveraging this leading-edge technology across the more than 1,700 zones which we have sold to date, providing a national footprint for Zaio’s Z products.”

2008 Second Quarter Financial Review

The Company generated revenue of \$6.7 million in the second quarter of 2008, compared to revenue of \$1.7 million in the same quarter of 2007. Revenue for the first six months was \$12.7 million compared to \$1.8 million for the first six months in the prior year. There are two main reasons for this increase. The first six months of the prior year included only the results of operations from Zaio’s acquisition of Realink Corporation (“Realink”) on April 2, 2007, and only for three of the six months. In addition, there was no revenue recorded in 2007 from zones being turned over versus revenue in 2008 from 432 zones turned over as recorded in the first six months of 2008.

Revenue streams from the sale of traditional valuation products contributed \$4.8 million in the second quarter compared to \$1.5 million in the second quarter of 2007. Revenue from these products for the first six months of the year was \$9.4 million compared to \$1.5 million in the same period of 2007. These products represented 74% and 82% of the Company’s revenue for the first six months of the year in 2008 and 2007 respectively. As twelve zones have now achieved live or operational status, the Company expects to see the first revenues from its Zaio valuation products in addition to its traditional valuation products in the second half of this year. This volume is expected to be low until a larger number of zones are brought live.

Cost of Sales

Cost of sales associated with revenue from traditional valuation products was \$3.3 million resulting in a gross margin of 32% for the quarter. After accounting for revenue from the sale of appraisal zones, the Company's overall gross margin was 51% for the quarter.

Selling, General and Administration Expenses

Selling, General and Administrative expense was approximately \$4.0 million for the second quarter compared to \$2.0 million in the same quarter of 2007. The increase is primarily related to the Company's acquisitions. Non-cash stock compensation expense was \$746,000 in the second quarter of 2008 compared to \$1.2 million in the prior year's quarter and is not included in the total of selling, general and administrative expense.

Net Earnings

The net loss for the second quarter was approximately \$1.8 million or \$0.032 per share compared to a net loss of \$2.8 million or \$0.076 per share for the same period in 2007.

Financial Condition and Liquidity

At June 30, 2008, Zaio had total assets of \$37.6 million. The Company's cash balance at June 30, 2008 was \$1.5 million, excluding \$3.6 million held as investments. The Company also has amounts owing to it on the sale of Zone License Agreements of approximately \$3.0 million which do not appear on the balance sheet.

Outlook

In July 2008, the Company marked the achievement of a significant milestone by announcing it has moved from the developmental to operational stage and that it continues to focus on working with Zone owners on an ongoing basis to ensure as many zones as possible achieve live status and begin to generate revenue. Continuous improvements in our technology have been made over the first half of this year to make this process as efficient and economical as possible.

Zone sales have been lower than expected this year due to adverse conditions. The lower than expected zone sales have had an impact on the Company's cash resources available for its national database expansion. As a result, the Company has made strategic decisions to concentrate its cash resources largely in the areas where zones have been purchased and paid for in accordance with the terms of the applicable license agreement. In addition, the Company has been taking measures to reduce overall selling, general and administrative costs by taking advantage of operating efficiencies achieved as a result of advances in technology over last several months as well through the elimination of any redundancies which have been identified relating to the five acquisitions made over the past fifteen months.

Readers are cautioned that the total remaining costs to bring a substantial number of the sold zones to live status over the next 12 months exceed the Company's current available cash resources. Continued operations are dependent upon the Company raising the necessary funds in

the senior debt markets, subordinated debt markets and equity markets, and increasing sales and achieving profitability, but there is no assurance that this will occur. Accordingly, there is uncertainty regarding the Company's ability to continue as a going concern. The Company continues to actively pursue all various financing alternatives available to it. Management also continues to explore opportunities to align with potential strategic partners in the valuation industry and will consider further acquisitions that allow us to penetrate our various markets sooner.

It is the Company's view that recent developments this year in the U.S. mortgage lending industry's regulatory environment have reinforced support for the Company's business model. Zaio's Z product value determinations are prepared in advance of a request from a lender, and accordingly there is no pressure on the appraiser to meet a specified value. Zaio is positioned to be among the very few companies having no affiliated business relationships with lenders or title insurance companies. Lenders can therefore ensure appraiser independence and comply with proposed new lending policies by relying upon and leveraging Zaio's independence, appraiser expertise, and proprietary technology solutions.

For complete details on any of the above, please refer to the Financial Statements and Management's Discussion & Analysis which will be available at www.sedar.com within 24 hours of the time of this release.

Earnings Conference Call

We invite you to attend our second quarter conference call on Wednesday August 20, at 5:00pm EDT by dialing (800) 732-6179.

To listen to the live Webcast of this event, please enter:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2382820> in your web browser.

About Zaio

Zaio is a technology and database company. The Zaio network of appraisers currently serves 500 lenders with a variety of nationwide appraisal services. Zaio maintains a secure database of 140 million properties and its affiliated appraisers are now site verifying property data, photos and appraisals of virtually every property in America. Zaio's network of local appraiser experts appraise entire cities, one building at a time using a proprietary "GeoScore™" rating system. Zaio trades under the symbol "ZAO" with additional information available under the symbol "ZAOFF".

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For investors who would like to be added to Zaio's investor distribution list or receive a copy of the 2007 Annual Report, please contact Lisa Lyscio: llyscio@zaio.com.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release. This press release contains forward-looking statements which may include financial and business prospects, as well as statements regarding the Company's future plans, objectives or economic performance and financial outlooks. Without limiting the generality of the forgoing, the Company has made materially forward-looking statements: (i) under the heading "2008 Second Quarter Financial Review" regarding timing for revenues from the Company's 12 live zones; and (ii) under the heading "Outlook" regarding the consideration of further acquisitions and prospects for generating revenue. Such statements are subject to risk factors associated with the real estate industry, and the overall economy in both Canada and the United States. Material risk factors that could cause results to differ materially from any future results include that the cyclical nature of real estate markets and volatility experienced in the real estate industry in general, as well as competition from other appraisal valuations companies could affect the forward looking statements identified in paragraphs (i) and (ii) above. The foregoing list of risk factors is not exhaustive. Please refer to the risk factors identified in the Company's MD&A and other public information available under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. In making its forward-looking statements, the Company used, among others, the following material factors or assumptions to develop forward-looking information enumerated above: projection of current operations, ongoing and future business negotiations and opportunities, timing of database developments and capital expenditures, market costs and other variables affecting database development and operating expenses, services and supplies, including labour, in a cost effective and timely manner, the availability and costs of financing; and foreign currency exchange rates. The Company believes that the expectations reflected in this press release are reasonable, but actual results may be affected by a variety of variables and may be materially different from the results or events predicted in the forward-looking statements. Readers are therefore cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements are made as of the date hereof, and unless otherwise required by applicable securities laws, the Company does not intend nor does it undertake any obligation to update or revise any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.