

25 November 2008



BANGO PLC
(“Bango” or the “Company”)

Interim Results for 6 months ended 30th September 2008

Bango (AIM: BGO), the mobile web platform provider, is pleased to announce today results for the 6 months ended 30 September 2008.

Financial Highlights (H1 FY09)

- Continued progress to profitability - loss down to £0.59m (H2 FY08: £0.75m, H1 FY08: £1.08m)
- Close to break-even at half year point (September 08: £25k EBITDA* loss)
- Revenue levels maintained at £6.75m in seasonally weaker first half (H2 FY08: £6.92m, H1 FY08: £6.84m)
- Gross margin of £1.26m/18.6% (H2 FY08: £1.37m/19.8%, H1 FY08: £1.40m/20.4%) reflecting:
 - reduced package prices to drive customer volumes with lowered selling costs
 - increase in end user spend vs. package fees in the revenue mix, as expected
- Operating costs reduced to £1.85m (H2 FY08: £2.15m, H1 FY08: £2.52m)
- £0.45m additional capital raised in July 2008

* Earnings before Interest, Tax, Depreciation and Amortisation

Operational Highlights

- Strong growth in revenue from North American market as established mass-market content providers in the USA move from SMS to the web-billing services offered by Bango
- Starting to see initial revenues from over 350 webmasters using Bango Analytics
- Seasonal UK summer slowdown compounded by mobile search providers' teething problems
- Return to growth in September & October 2008, with revenues 35% higher than in 2007
- Bango named “Best Transactions Provider” for the second year at the Mobile Entertainment Awards, a key event for the worldwide industry

Commenting on the interim results Lindsay Bury, Chairman of Bango, said:

“Bango continues to make progress towards profitability, with losses and cash burn reduced to £25k in September, and with this progress continuing into the second half. Costs are stable and end-user spend has resumed growth month-on-month, following a UK summer lull similar to the one experienced last year.

“The launch of Bango Analytics at the beginning of this financial year is starting to generate additional revenue streams from a new range of customers, with an encouraging number won in a relatively short period. We expect to be able to announce further significant customer wins in the second half of the year.

“With the mobile internet now becoming a focus for attention by Mobile Operators and device makers, we believe our innovative technology and global relationships provide us with a leading position in an international growth market. We therefore remain optimistic as we near profitability with a strong sales pipeline and end-user spending on mobile content now growing well.”

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Introduction

Trading is broadly in line with expectations with a particularly strong performance in the US which contributed a larger share of revenues than Bango's management had anticipated.

Bango is seeing the benefit of the changes it made to improve sales productivity and a new range of lower cost products in early 2008. The new lower cost base coupled with accelerating revenues has taken us close to trading break-even on a consistent basis.

September and October 2008 revenues are 35% ahead of the levels 12 months earlier with Bango's investment in the US market now starting to show encouraging results. Revenues from the USA are up 160% for the half-year compared with the first half of FY08, and now represent 35% of overall revenues.

The growing revenues in the US are mostly linked to music, games and mainstream entertainment. Several large international content providers started shifting their business from traditional premium SMS suppliers to the Bango platform during the last few months. US mobile carriers appear to be more determined than their European counterparts to stamp out bad practice and reduce customer care costs. This is driving content providers to shift from SMS to the Mobile web more quickly than, for example, in the UK.

Summer 2008 was a period of transition for UK mobile operators as they integrated new "off-portal" search and advertising systems. Teething problems with these new systems caused several larger content providers to defer marketing spend or to re-direct it to the USA. The "summer lull" in end-user spend, which we have experienced in previous years, was magnified by these effects. We expect that the operators and their suppliers' new systems will be functioning properly by Christmas, which is a peak sales period for mobile operators.

Following the launch of Bango Analytics at the beginning of this financial year, more than 350 webmasters have integrated the Analytics code into their mobile websites. More than 1,000 others are in the sales pipeline, with most of these in the trial phase having signed up and self-served at Bango.com. Monthly revenues have now grown to several thousand dollars a month. We are finding more interest than expected from bigger companies in the media, marketing and publishing sectors, on the basis that our offering delivers a level of accuracy that appeals to businesses wanting reliable data on which to base significant investment decisions.

Financial highlights

	Six months ended 30 September 2008	Six months ended 31 March 2008	Six months ended 30 September 2007
	Unaudited	Unaudited ⁽¹⁾	Unaudited
	£M	£M	£M
Turnover	6.75	6.92	6.84
Gross profit	1.26	1.37	1.40
<i>Margin %</i>	<i>18.6%</i>	<i>19.8%</i>	<i>20.4%</i>
Operating costs	1.85	2.15	2.52
Loss before tax	0.59	0.75	1.08
Cash outflow from operations	1.04	0.71	0.17
Cash position	0.53	1.13	1.82
Basic and fully diluted loss per share	2.16 pence	2.80 pence	4.02 pence

(1) Derived from audited full year numbers less unaudited 1H FY08 numbers

Whilst the overall level of both revenue and margin has been broadly maintained, the geographical mix has changed significantly in this half-year. The UK element has reduced from 78% in FY08 to 56% mainly because of some changes in search technology used by mobile network operators which adversely affected the first few months of the financial year. Meanwhile, the proportion of revenue coming from the USA & Canada has increased from 10.5% in FY08 to 35% as established mass-market content providers in the USA move to the web-billing services offered by Bango.

The overall gross margin is reduced by the increasing proportion of end-user spend in the revenue mix. Margin on end-user spend improved to 7.9% (H2 FY08 7.3%, H1 FY08 10.0%). Margin on package fees is lower, reflecting the migration of content provider customers to lower cost packages more appropriate to the customer's needs, including free-to-use starter packages. Sales of large packages continue and the retention rate amongst paying customers is improving.

Operating costs have been broadly level during the half year, approximately 14% below H2 FY08 and approximately 26% below H1 FY08 and are expected to be managed tightly from this level going forward, with no increase expected in H2 FY09.

About 70% of the loss before tax for H1 FY09 was incurred in the first three months of the financial year. The Company exited the half year with monthly revenue of £1.33m and a monthly EBITDA loss of £25k.

The working capital requirement increased during the half year, as a result of the change in geographical mix of revenue. In general, US-based mobile operators pay Bango about five weeks later than UK-based payment providers. The additional working capital requirement was addressed by the issue of £0.45m of new equity in July 2008- the use of which has allowed Bango to provide payments to selected content providers ahead of receipt of funds from network operators. A further £0.5m banking facility was put in place in October 2008, which can be used to further accelerate payments to selected content providers ahead of receipt from mobile operators. As previously disclosed, the provision of this service will provide additional percentage margin for Bango and enable these Bango customers to grow their content related businesses faster.

Sales and marketing

The change towards a low-touch low-cost sales model with less expensive monthly fees appears to be working. The first objective was to make Bango easier and quicker to buy from, to enable Bango to sell to more small content owning companies as well as large ones as the market accelerates. The number of companies signing up to evaluate Bango services is higher over the last six months than ever before.

The second objective was to cut sales and marketing costs by focussing sales people on larger deals and moving towards a web marketing and partner-driven model for customer acquisition. The sign-up rate of larger customers is encouraging and includes several large US content aggregators and a major international software company

The launch of the Analytics product line takes Bango into a new market, and there are encouraging signs that Analytics customers are becoming interested in collecting payments from customers using Bango's payment products. The recently announced partnership with Adversitement, which combines

Omniure web analytics with Bango's mobile analytics is a good example of the policy of partnering with organisations which can take Bango products to new customers in both the Payment and Analytics marketplaces.

Market interest in Bango products has not yet been impacted by the macro-economic downturn. Use of analytics to measure ROI on advertising should become more important when marketing budgets are constrained. The use of Bango technology reduces costs and increases conversion rates, making it attractive to businesses wanting to improve margins.

Bango was recognised for its central role in the monetisation of mobile digital content at the Mobile Entertainment Awards, a key event for the worldwide industry. For the second year running, Bango was recognised as the "Best Transactions Provider."

Product development

Major functionality improvements made available to our payment customers during June and July have resulted in a higher proportion of successfully completed payment transactions from US consumers. These improvements have enabled Bango customers to better manage subscription services in order to lower churn rates among their subscribers. These services are now being used by Bango's customers targeting the US market.

Following the launch of Bango Analytics at the beginning of the year, we have followed up by launching new product functionality, reflecting market feedback. A major upgrade release of the Analytics system is scheduled for the second half of the year to reflect in particular the needs of very large prospects.

Mobile operators, especially in the UK have reduced the cost of using their billing infrastructure over the last few months, following the introduction of the PayForIt regulations and brand. The widespread penetration of mobile internet devices and the simplicity of single click billing may open up additional revenue opportunities for Bango over the longer term.

Outlook

Costs are stable and end-user spend has resumed growth month-on-month, following a UK summer lull similar to the one experienced last year. Bango believes it has a leading position in an international growth market through its innovative technology and global relationships.

Bango remains cautiously optimistic as it nears profitability with a strong sales pipeline and end-user spending on mobile content continuing to grow well.

BANGO PLC

Unaudited results for the 6 months ended 30 September 2008

Consolidated Income Statement

	Note	Six months ended 30 Sept 2008 Unaudited £	Six months ended 30 Sept 2007 Unaudited £	Year ended 31 March 2008 Audited £
Revenue		6,745,911	6,835,766	13,758,468
Cost of sales		(5,490,819)	(5,438,338)	(10,993,053)
Gross profit		1,255,092	1,397,428	2,765,415
Administrative expenses		(1,811,862)	(2,374,047)	(4,409,832)
Share based payments		(42,763)	(147,317)	(258,060)
Operating loss		(599,533)	(1,123,936)	(1,902,477)
Investment income		7,506	42,811	67,168
Loss before taxation		(592,027)	(1,081,125)	(1,835,309)
Income tax expense		-	-	-
Loss for the period		(592,027)	(1,081,125)	(1,835,309)
Attributable to equity holders of the Company		(592,027)	(1,081,125)	(1,835,309)
Loss per share attributable to the equity holders of the Company				
Basic loss per share	5	(2.16)	(4.02)	(6.82)
Diluted loss per share	5	(2.16)	(4.02)	(6.82)

All of the activities of the Group are classified as continuing.

BANGO PLC

Unaudited results for the 6 months ended 30 September 2008

Consolidated Summarised Balance Sheet

As at:	30 Sept 2008	30 Sept 2007	31 March
Note	Unaudited	Unaudited	Audited
	£	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	233,135	402,087	318,356
Intangible assets	588	18,807	4,350
	<u>233,723</u>	<u>420,894</u>	<u>322,706</u>
Current assets			
Trade and other receivables	3,182,281	2,394,338	2,506,700
Cash and cash equivalents	526,151	1,819,013	1,126,033
	<u>3,708,432</u>	<u>4,213,351</u>	<u>3,632,733</u>
Total assets	<u>3,942,155</u>	<u>4,634,245</u>	<u>3,955,439</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	7 5,659,113	5,383,282	5,383,282
Share premium account	5,495,116	5,320,067	5,320,067
Merger reserve	1,236,225	1,236,225	1,236,225
Other reserve	896,658	743,152	853,895
Accumulated losses	(12,499,606)	(11,153,395)	(11,907,579)
Total equity	<u>787,506</u>	<u>1,529,331</u>	<u>885,890</u>
LIABILITIES			
Current liabilities			
Trade and other payables	3,154,649	3,104,914	3,069,549
Total liabilities	<u>3,154,649</u>	<u>3,104,914</u>	<u>3,069,549</u>
Total equity and liabilities	<u>3,942,155</u>	<u>4,634,245</u>	<u>3,955,439</u>

BANGO PLC

Unaudited results for the 6 months ended 30 September 2008

Consolidated Summarised Cash Flow Statement

	Six months ended 30 Sept 2008 Unaudited £	Six months ended 30 Sept 2007 Unaudited £	Year ended 31 March 2008 Audited £
Net cash used by operations	6 (1,043,144)	(167,052)	(873,341)
Cash flows generated from / (used by) investing activities			
Purchases of property, plant and equipment	(15,124)	(10,756)	(21,804)
Interest received	7,506	42,811	67,168
Net cash /(used by) investing activities	(7,618)	32,055	45,364
Cash flows generated from financing activities			
Proceeds from issue of ordinary shares	450,880	22,916	22,916
Net cash generated from financing activities	450,880	22,916	22,916
Net decrease in cash and cash equivalents	(599,882)	(112,081)	(805,061)
Cash and cash equivalents at beginning of period	1,126,033	1,931,094	1,931,094
Cash and cash equivalents at end of period	526,151	1,819,013	1,126,033

BANGO PLC

Unaudited results for the 6 months ended 30 September 2008

Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Retained earnings £	Total £
At 1 April 2007	5,369,548	5,310,885	1,236,225	595,835	(10,072,270)	2,440,223
Loss for the period	-	-	-	-	(1,081,125)	(1,081,125)
Total income / (expense) recognised for the period	-	-	-	-	(1,081,125)	(1,081,125)
Exercise of share options	13,734	9,182	-	-	-	22,916
Share-based payment charge	-	-	-	147,317	-	147,317
At 30 September 2007	5,383,282	5,320,067	1,236,225	743,152	(11,153,395)	1,529,331
Loss for the period	-	-	-	-	(754,184)	(754,184)
Total income / (expense) recognised for the period	-	-	-	-	(754,184)	(754,184)
Share-based payment charge	-	-	-	110,743	-	110,743
At 31 March 2008	5,383,282	5,320,067	1,236,225	853,895	(11,907,579)	885,890
Loss for the period	-	-	-	-	(592,027)	(592,027)
Total income / (expense) recognised for the period	-	-	-	-	(592,027)	(592,027)
Issue of new shares	269,000	171,575	-	-	-	440,575
Exercise of share options	6,831	3,475	-	-	-	10,306
Share-based payment charge	-	-	-	42,763	-	42,763
At 30 September 2008	5,659,113	5,495,117	1,236,225	896,658	(12,499,606)	787,507

BANGO PLC

Unaudited results for the 6 months ended 30 September 2008

Consolidated Statement of Changes in Equity

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Loss for the period	-	-	-	-	(1,081,125)	(1,081,125)
Total income / (expense) recognised for the period	-	-	-	-	(1,081,125)	(1,081,125)
Exercise of share options	13,734	9,182	-	-	-	22,916
Share-based payment charge	-	-	-	147,317	-	147,317
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Loss for the period	-	-	-	-	(754,184)	(754,184)
Total income / (expense) recognised for the period	-	-	-	-	(754,184)	(754,184)
Share-based payment charge	-	-	-	110,743	-	110,743
At 31 March 2008	5,383,282	5,320,067	1,236,225	853,895	(11,907,579)	885,890
Loss for the period	-	-	-	-	(592,027)	(592,027)
Total income / (expense) recognised for the period	-	-	-	-	(592,027)	(592,027)
Issue of new shares	269,000	171,575	-	-	-	440,575
Exercise of share options	6,831	3,475	-	-	-	10,306
Share-based payment charge	-	-	-	42,763	-	42,763
At 30 September 2008	5,659,113	5,495,117	1,236,225	896,658	(12,499,606)	787,507

BANGO PLC

Unaudited results for the 6 months ended 30 September 2008

Notes

1. General information

Bango plc ("the company"), a United Kingdom resident, and its subsidiaries (together "the Group") provide services to facilitate activity in the mobile internet. The Company's shares are listed on the Alternative Investment Market on the London Stock Exchange ("AiM"). The address of the company's registered office is 5, Westbrook Centre, Milton Road, Cambridge CB4 1YG.

2. Basis of preparation

The condensed interim financial information for the half year ended 30 September 2008 has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRS). The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2008.

The consolidated financial information has been prepared under the historical cost convention.

3. Principal accounting policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2008 and are those expected to be applied for the year ended 31 March 2009.

4. Segment information

(a) The Group operates in three main business segments. Management reporting is based principally on the type of services provided to customers. Accordingly, the Group presents its primary segment analysis on this basis:

Six months ended 30 September 2008

	End-user activity	Content provider fees	Services to MNOs and advertising revenues	Group	Total
	£	£	£	£	£
Segment revenue	5,915,011	830,900	-	-	6,745,911
Segment costs	5,448,586	42,233	-	1,854,625	7,345,444
Segment result	466,425	788,667	-	(1,854,625)	(599,533)

Six months ended 30 September 2007

	End-user activity	Content provider fees	Services to MNOs and advertising revenues	Group	Total
	£	£	£	£	£
Segment revenue	5,788,816	1,046,950	-	-	6,835,766
Segment costs	5,207,831	230,507	-	2,521,364	7,959,702
Segment result	580,985	816,443	-	(2,521,364)	(1,123,936)

Year ended 31 March 2008

	End-user activity	Content provider fees	Services to MNOs and advertising revenues	Group	Total
	£	£	£	£	£
Segment revenue	11,723,253	1,968,116	67,099	-	13,758,468
Segment costs	10,707,050	246,734	39,269	4,667,892	15,660,945
Segment result	1,016,203	1,721,382	27,830	(4,667,892)	(1,902,477)

Group costs include all costs associated with staff, property & office, marketing and depreciation.

(b) The secondary segment analysis is presented on a geographical basis:

Six months ended 30 September 2008

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Total
	£	£	£	£	£
Segment revenue	3,784,519	364,999	2,363,406	232,987	6,745,911

Six months ended 30 September 2007

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Total
	£	£	£	£	£
Segment revenue	4,941,742	772,749	909,252	212,023	6,835,766

Year ended 31 March 2008

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Total
	£	£	£	£	£
Segment revenue	10,680,360	1,254,900	1,441,360	381,848	13,758,468

Segment revenue is based on the location of the customer.

5. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average of ordinary shares in issue during the period.

	Six months ended 30 Sept 2008 Unaudited £	Six months ended 30 Sept 2007 Unaudited £	Year ended 31 March 2008 Audited £
Loss attributable to equity holders of the Company	(592,027)	(1,081,125)	(1,835,309)
Weighted average number of ordinary shares in issue	27,372,952	26,893,610	26,906,358
Basic loss per share	(2.16)	(4.02)	(6.82)

6. Cash used by operations

	Six months ended 30 Sept 2008 Unaudited £	Six months ended 30 Sept 2007 Unaudited £	Year ended 31 March 2008 Audited £
Loss after taxation	(592,027)	(1,081,125)	(1,835,309)
Depreciation	104,107	111,623	220,859
Net finance costs	(7,506)	(42,811)	(67,168)
Share-based payment expense	42,763	147,317	258,060
Increase in receivables	(675,581)	28,928	(83,434)
Increase in payables	85,100	669,016	633,651
Net cash used by operations	(1,043,144)	(167,052)	(873,341)

7. Share capital

During the period 1,345,000 new shares were issued at a price of 33.5 pence with a par value of 20 pence. The total proceeds net of issue costs of £10,000 were £440,575 of which £269,000 was recognized as share capital and £171,575 as share premium.

During the period 34,155 share options were exercised at exercise prices ranging between 23 pence and 31 pence with a par value of 20 pence. The total proceeds were £10,306 of which £6,831 was recognized as share capital and £3,475 as share premium.

No options were granted during the period.

8. Publication of non-statutory accounts

The condensed consolidated interim financial information was approved by The Board of Directors on 19 November 2008.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ended 31 March 2008 have been extracted from the Statutory Financial Statements of Bango plc, which have been filed with the Registrar of Companies. The auditor's report on those financial statements is unqualified. The financial information for the six months to 30 September 2008 and for the six months to 30 September 2007 is unaudited.

The interim report together with an analysts briefing presentation will be distributed to all shareholders shortly and will be available on the Company's investor blog at www.bangoinvestor.wordpress.com.