14th June 2011
Embargoed until 07:00

BANGO PLC
("Bango", "the Company" or "the Group")

Preliminary Results for year ended 31 March 2011

Bango (AIM: BGO) the mobile web payments and analytics company, today announces Preliminary Results for the year ended 31 March 2011.

Financial Highlights (comparative data for FYE 31 March 10 except where indicated)

- Revenue for the year of £19.3m (£26.1m) with low margin end user activity down 29% to £17.46m (£24.69m) and high margin revenues up 29% to £1.86m (£1.44m).
- Gross Profit grew 7% to £1.29m in second half (H2) from £1.21m in H1, giving a total for the year of £2.49m (£2.67m)
- EBITDA for the year showed a deficit of £0.5m (£0.1m) with the deficit reduced from £0.3m in H1 to £0.2m in H2.
- H2 underlying positive EBITDA of (before share-based payments) after adjusting for £0.12m costs to accelerate sales model transition and £0.11m change in profit recognition for operator integrations.
- Loss after tax £0.70m (£0.01m profit) with H2 loss of £0.27m improved from H1 loss of £0.43m
- Cash balance of £2.71m as at 31 March 2011. (£2.74m at 31 March 2010)

Operational Highlights

- Business re-focused on high growth, higher margin smartphone market
- Agreement with RIM to provide billing and settlement for BlackBerry App World
- More than 60 new carrier integrations now underway
- On track to announce second major App Store agreement in June 2011

Ray Anderson, Chief Executive Officer of Bango, commented:

"The key development during the year was the decision to focus on the fast growing smartphone market segment, developing relationships with App Stores as a way of deploying Bango technology more widely. Bango's agreement with RIM to provide carrier billing for BlackBerry App World announced in the first half is potentially transformational and resources have been re-allocated to ensure the success of the project. Bango is now developing a number of other significant "App Store" opportunities including those focussed on the increasingly popular Android platform.

"As expected, the continued decline in end user spending on low-margin content for featurephones reduced gross profit from that part of the business. However, good progress in growing smartphone payment and analytics business resulted in an overall growth in gross margin in the second half.

"The second half showed an underlying profit after allowing for one-time costs related to the acceleration of cost reduction in the featurephone business and a change in recognition of gross profit on mobile operator integrations.

"Since the year end, the number of mobile operators activated for RIM has doubled and in May overall end user spending grew compared with April. Progress with RIM and other App Stores in the pipeline gives us confidence that we are well placed to accelerate this growth in future periods."

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About Bango

Bango (AIM: BGO) provides technology that enables commerce on the mobile web.

Bango enables businesses of all sizes to collect payment for music, games, applications, videos and services sold to internet connected mobile phone users. Bango is able to charge payments to mobile phone bills or use other billing methods such as credit card based on intelligence about the consumer. Bango also provides an analytics service that provides accurate information about visitors and the effectiveness of marketing activities for mobile web sites.
Visit www.bango.com.

Chairman's Statement

This is my first report as Bango's Chairman, having been appointed on 23 May 2011, following the retirement of Lindsay Bury. The Board would like to thank Lindsay for his contribution to Bango over the past 10 years and wishes him well in his retirement.

This year has been one of transition for both Bango and the market it serves. Since inception, Bango has applied its technology and marketing across all internet enabled phones. To date, the majority of these were so called "featurephones" which had limited local processing power and therefore the most common content types were relatively low value items such as ringtones, short videos and simple games.
Traditionally, Smartphones, with much richer capabilities, touch interfaces and a powerful operating system, such as the iPhone, occupied a smaller niche due to their high price. However, during the last year or so, with the increasing success of Apple, BlackBerry and Android powered devices, and lower prices for entry level models it is becoming clear that smartphones are set to be a major, if not the dominant segment of the market.

According to IDC, the global smartphone market will grow by 55 per cent in 2011 to 472 million units as people upgrade from feature phones to smartphones. Gartner reported that in Q1 2011, smartphones accounted for 23.6 percent of overall sales of 428 million mobile phones, an increase of 85 percent year-on-year.

During the year Bango began a transition in its business to focus on this smartphone opportunity. It focussed on providing its technology and relationships to major "App Stores" providing applications for smartphones and on major publishers targeting smartphones with valuable services and applications.
Bango is serving a large and growing market. The worldwide mobile content market is expected to surpass $64 billion by 2012, up from $20 billion in 2007, according to Juniper Research. In 2009, mobile application download revenue exceeded $4.2 billion, reports Gartner, with a prediction of revenue growing to $29.5 billion by the end of 2013. Major mobile phone manufacturers, mobile operators and internet businesses are driving the uptake of the mobile internet.

Bango has unique and proven technology which is at the heart of its payment network. Coupled with relationships with mobile operators and traction with the largest players in the industry, this gives Bango, and its customers, a competitive advantage. Bango technology handles the current generation of downloadable apps, the capability to operate charges during the use of apps and the management of subscription based services. Bango technology also works with newer HTML5 web technology which is expected to become more important in the coming years.

With major players such as Apple, Google and Microsoft battling to gain a position in this key marketplace, the competitive pressures on App Stores to perform effectively should drive more opportunities for Bango.

During the year, Bango appointed Rudy Berger as a Non-Executive Director. He has extensive relevant experience in strategic planning and international business development, and is based in Silicon Valley. Rudy's experience and independent perspective has already proved valuable as Bango's relationships with larger companies on the US west coast become increasingly significant

I would like to thank Bango's executive directors and staff for their unswerving efforts to make Bango a key player in this exciting, fast-growing, global industry.

David Sear
Chairman

CEO's Statement

In line with Bango's strategy to focus on smartphones, a key development for the year has been the success and momentum we are experiencing in enabling mobile operator payments for "Mobile Applications" (Apps) for smartphone users.

In particular, Bango is now enabling BlackBerry users in a number of countries to pay for Applications in the BlackBerry App store (called "App World") using their mobile phone bill. This increases the value of sales through App World, giving developers a stronger motivation to target the BlackBerry platform. We continue this year to work with RIM to expand this capability across dozens of new mobile operators around the world.

The ability of the Bango system to provide a common connection point to dozens of diverse billing systems from mobile operators around the world, coupled with the automated settlement, currency and tax management, risk management and reporting systems to deliver payments to thousands of content providers is a powerful tool for people building large scale App Stores.

While Bango is seeing positive results and growth from the smartphone segment, which is our key focus for Bango payments and analytics going forward, the decline in the traditional low margin "featurephone" business has seen end user spending and the corresponding gross margin from that business decline.

End user spend from the smartphone and App Store segment grew during the year, but not enough to offset the decline in the featurephone market. Correspondingly the gross margin on end user spend declined over the year. Data on end user spending in the period since the year end indicates that overall end user spending has returned to growth.

We have been extremely encouraged by the quick uptake of Bango's payment platform by BlackBerry app developers, the success that BlackBerry developers are seeing on this important smartphone platform, and the interest in Bango technology from other large industry players.

A wide range of applications is being sold. These include business tools and services, communications and time management utilities and a broad range of eBooks and audio books, alongside a wide selection of games.

Bango relationship with BlackBerry and additional App Stores

Bango provides Mobile Network Operator (''Carrier'') billing for BlackBerry App World. The first mobile operator, AT&T, went live towards the end of the first half, enabling BlackBerry application developers to benefit from increased revenues. During the second half, Bango connected and commissioned many new carriers, both in its pool of existing connections, such as Vodafone UK and T-Mobile USA and new connections and a small number of these were active at the year end. In January 2011 the value of transactions though the BlackBerry App World were larger in overall value than any one of Bango's traditional content providers. As of May 2011 they have grown to more than our top three traditional content providers combined.

App Stores can use any of the more than 50 active Bango mobile operator billing integrations and Bango integrates new mobile operators as required for our App Store customers. More than 60 new mobile operator integrations are now in progress. The integrations involve not only technical connection, but also may involve three way commercials involving the operator, Bango and the App Store. The processes for cash collection, tax treatments and reconciliation are also set up in Bango's automatic systems to ensure high volumes of transactions can be processed at low cost.

Bango is actively progressing significant opportunities with additional App Store providers, which will also have benefits for our other customers, including RIM and traditional content providers, as Bango scales out into other territories with these new prospects. Bango payment technology will soon appear in new markets such as Indonesia, Mexico and the Middle East, markets where mobile content is a passion for the young mobile customer base.

Bango looks forward to being able to update the market as these relationships develop.

Sales of Content for Featurephones

The sales of mobile content and services to primarily featurephone users has, as previously discussed, been impacted by industry factors – primarily relating to consumer refund policies of US mobile operators. Bango believes that the opportunity for growth in this market is limited, and therefore action has been taken to reduce costs in this area while still retaining the capacity to support our largest content providers. This will ensure that this segment of the business generates cash and profit going forward.

Bango's largest traditional content providers in the featurephone segment are also consolidating and shifting to address the smartphone opportunity. The "long tail" of smaller content providers is being directed towards the App Stores where Bango's payment services are usable indirectly at lower cost to Bango.

The Growth of Android

Canalys reported that in Q4 2010, Android powered smartphones became the fastest selling with 33% share of smartphone shipments, ahead of Nokia (31%) iPhone (16%) and BlackBerry (14%). Google provides an App Store called Android Market for Android, but there are other App Stores being developed to target the fast growing Android user base. iPhone users are restricted by Apple in their choice of content and apps, and how they can be marketed and sold, but Android enables much more choice and innovation. This represents a significant opportunity for Bango. App Stores using mobile operator billing provided by Bango demonstrate significant extra sales volume.

Product development

There have been three areas of activity for Bango product development during the year:

(1) Operational Scalability in the Payment Network. With increasing numbers of mobile operators connecting to Bango, the technology used to manage risk and ensure transactions can be processed in volume at very low cost had been developed significantly over the year.

(2) New Bango Payment and Analytics services. New services include innovative ways to identify and authenticate Android and other devices to enable secure mobile payments and the provision of "in-Application toolkits" to enable the collection of detailed analytical data from within running applications across smartphones including iPhone, Android, BlackBerry, WindowsPhone7 and Nokia. In addition, the technology has been adapted to better serve larger screen "tablet" devices such as Apple iPad and BlackBerry Playbook.

In addition to payments collected by mobile web sites, Bango has also introduced products to support payment collection from within mobile applications (Apps). The popularity of mobile applications is driving more developers and content providers to commit resources to developing mobile applications, as another channel to engage with consumers and generate revenue. According to Juniper Research, mobile application revenues will be worth £25 billion in 2014.

(3) R&D to support growing transaction volumes and numbers of customers. Bango has deployed new hardware and data-warehouse technologies to support increasing usage volumes. New services were developed to allow partners, such as RIM, to create customer accounts in the Bango system using their sign-up processes, to enable rapid on-boarding of thousands of new customers to the Bango system without manual involvement at Bango.

Bango regularly reviews procedures, capabilities and scalability plans with larger partners and content providers to be able to meet their present and future needs.

As well as expecting considerable growth in payment transaction volumes from smartphones, Bango has seen rapid growth in volumes of analytics transactions from our largest customers, with volume in March 2011 being 4.3 times higher than in March 2010.

The current system architecture and datacentres are scalable to sustained transaction volumes more than ten times those being seen today. At the end of 2010 a project was initiated to design and plan a transition to a next generation platform that will enable Bango to quickly and economically further scale up capacity that may be required.

Financial performance

Gross revenue in FY2011 reduced by 26% to £19.3m compared with the previous year, with revenue in the second half of the year at £8.72m compared with £10.6m in the first half year. Revenue from outside the UK accounted for 83.5% (£16.1m) of total revenue for the year, up from 83.2% (£21.7m) in the previous year.

Gross profit in the second half grew 7% compared with the first half, to give a gross profit for the year of £2.49m.

End user revenue reduced by 29% year on year, 22% half on half. Gross profit on end user activity reduced by 48% to £0.64m from £1.23m, whilst margin percentage reduced from 5.0% to 3.7% because the costs of providing connections to payment providers, charged to cost of sales, are fixed even if sales volumes decrease.

Gross profit from content providers increased by £0.4m to £1.85m reflecting App Store revenues and growth in analytics revenues, which increased from £0.13m to £0.33m.

During the second half of the year and after the year end, Bango reduced certain sales, marketing and technical support functions related to the featurephone business. One time costs associated with some of these reductions, recognised in the year ending 31 March 2011 amounted to approximately £0.12m. The cost saving in the following financial year is expected to be £0.3m, ensuring that the legacy featurephone business continues to be cash and margin generative.

The increase in gross profit in the second half and the return to an underlying profit – after allowing for the expenses associated in acceleration of the transition, a small change in the timing of the recognition of £0.11m of profit from mobile carrier connections, and a slightly faster depreciation rate than expected - demonstrates progress with our newer, larger customers.

Administrative expenses increased by £0.37m (12.3%) to £3.22m from £2.85m in the previous year with increased depreciation and amortisation accounting for £0.15m of the increase.

The loss before tax was £0.84m, compared with the loss of £0.25m in FY10, with £0.46 arising in the first half of the year and £0.38m in the second half year.

After an R&D tax credit of £0.22m and payment of US taxes of £0.08m, the loss after tax £0.696m.

The cash used by operating activities for the year was £1.16m (£0.04m) broadly in line with the loss for the year plus some consumption of positive working capital arising from the reduction in end user spend.

Expenditure on assets totalled £1.11m (£1.04m), including £1.03m (£0.88m) on internal R&D mainly on projects relating to operational scalability in future periods.

In January 2011 the Company raised £2.4m before expenses by the issue of new ordinary shares at a price of 135 pence per share.

At 31 March 2011 Bango had cash balances of £2.71m (£2.74m)

Strategy and Outlook for FY ending March 2012

Bango's strategy is to leverage its central position as a payments network in the smartphone marketplace and the Board believes it is well positioned to benefit from the increased level of business activity in this space. With considerable technical and commercial investment made to date, the Bango platform can handle significant increases in transaction volumes without the need for major additional capital or operational expenditure.

Bango expects to see continued revenue growth driven by an increasing number of content providers and a growing volume of transactions from existing content providers.

Bango is supporting RIM to drive the success of the BlackBerry App World. Enabling success for thousands of BlackBerry App developers brings many benefits to RIM, Mobile Operators and Bango. It is Bango's intention to support Android, iPhone and Nokia developers, as well as those on other platforms, either directly or through the major App Stores.

On behalf of the Board, I would like to express my gratitude to Bango's partners and employees for their continued support. Working with mobile operators, content providers, billing companies and other commercial partners and investors, Bango looks forward to increasing success in the year ahead.

Ray Anderson
Chief Executive Officer

Consolidated income statement

	Note	2011 £	2010 £
Gross revenue	4	**19,324,857**	26,133,109
Cost of Sales		**(16,829,874)**	(23,465,448)
Gross profit		**2,494,983**	2,667,661
Administrative expenses before share based payments		**(3,215,195)**	(2,845,417)
Share based payments		**(117,566)**	(64,845)
Total administrative expenses		**(3,332,761)**	(2,910,262)
Operating loss		**(837,778)**	(242,601)
Interest payable		**(103)**	(8,834)
Investment income		**516**	1,165
Loss before taxation		**(837,365)**	(250,270)
Income tax		**141,280**	260,311
(Loss) / profit and total comprehensive income for the financial year		**(696,085)**	10,041
Basic and diluted earnings per share (pence)	5	**(1.90)**	0.03

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

Consolidated balance sheet
As at 31 March 2011

	2011 £	2010 £
ASSETS		
Non-current assets		
Property, plant and equipment	**240,620**	315,792
Intangible assets	**2,030,918**	1,163,591
Non-current assets	**2,271,538**	1,479,383
Current assets		
Trade and other receivables	**3,354,033**	4,018,967
Cash and cash equivalents	**2,713,226**	2,735,460
	6,067,259	6,754,427
Total assets	**8,338,797**	8,233,810
EQUITY		
Capital and reserves		
Share capital	**7,580,482**	7,176,989
Share premium account	**8,917,009**	7,005,012
Merger reserve	**1,236,225**	1,236,225
Other reserve	**1,098,802**	981,236
Accumulated losses	**(13,071,120)**	(12,375,035)
Total equity	**5,761,398**	4,024,427
LIABILITIES		
Current liabilities		
Trade and other payables	**2,577,399**	4,209,383
Total liabilities	**2,577,399**	4,209,383
Total equity and liabilities	**8,338,797**	8,233,810

BANGO PLC

Unaudited results for the 12 months ending 31 March 2011

Consolidated summarized cash flow statement

	Note	2011 £	2010 £
Net cash used by operating activities	6	**(1,161,688)**	(35,694)
Cash flows used by investing activities			
Purchase of property, plant and equipment		**(77,767)**	(159,489)
Addition to intangible assets		**(1,031,400)**	(875,740)
Interest received		**516**	1,165
Interest payable		**(103)**	(8,834)
Net cash used by investing activities		**(1,108,754)**	(1,042,898)
Cash flows generated from financing activities			
Proceeds from issuance of Ordinary Shares		**2,315,490**	3,003,540
Net cash generated from financing activities		**2,315,490**	3,003,540
Net increase in cash and cash equivalents		**45,048**	1,924,948
Cash and cash equivalents at beginning of year		**2,735,460**	826,283
Exchange differences on cash and cash equivalents		**(67,282)**	(15,771)
		2,668,178	810,512
Cash and cash equivalents at end of year		**2,713,226**	2,735,460

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Accumulated losses £	Total £
At 1 April 2009	**5,673,712**	**5,504,749**	**1,236,225**	**916,391**	**(12,385,076)**	**946,001**
Share-based payments	-	-	-	64,845	-	64,845
Exercise of share options	5,603	4,121	-	-	-	9,724
Issue of new shares	1,497,674	1,496,142	-	-	-	2,993,816
Transactions with owners	**7,176,989**	**7,005,012**	**1,236,225**	**981,236**	**(12,385,076)**	**4,014,386**
Profit for the period	-	-	-	-	10,041	10,041
Total comprehensive income for the period	-	-	-	-	**10,041**	**10,041**
Balance at 31 March 2010	**7,176,989**	**7,005,012**	**1,236,225**	**981,236**	**(12,375,035)**	**4,024,427**
At 1 April 2010	**7,176,989**	**7,005,012**	**1,236,225**	**981,236**	**(12,375,035)**	**4,024,427**
Share-based payments	-	-	-	117,566	-	117,566
Exercise of share options	43,649	39,547	-	-	-	83,196
Issue of new shares	359,844	1,872,450	-	-	-	2,232,294
Transactions with owners	**7,580,482**	**8,917,009**	**1,236,225**	**1,098,802**	**(12,375,035)**	**6,457,483**
Loss for the period	-	-	-	-	(696,085)	(696,085)
Total comprehensive income for the period	-	-	-	-	**(696,085)**	**(696,085)**
Balance at 31 March 2011	**7,580,482**	**8,917,009**	**1,236,225**	**1,098,802**	**(13,071,120)**	**5,761,398**

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 of 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 Group has prepared its Annual Report in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements have been prepared under the historical cost convention.

3. Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

<u>3.1 Property, plant and equipment</u>
Property, plant and equipment is stated at historical cost less accumulated depreciation. Residual values and useful economic lives are assessed annually. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Leasehold improvements	20% straight line
Office equipment	20% straight line
Computer equipment	10% - 33.3% straight line

<u>3.2 Intangible assets</u>
Intangible assets are measured initially at historical cost and are amortized on a straight-line basis over the expected useful economic lives:

Domain names	33.3% straight line
Internal Development	20% straight line

<u>3.3 Impairment of property, plant and equipment and intangible assets</u>
At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. Until completion of the development project when amortisation can be charged on the intangible asset, the assets are subject to an annual impairment test. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use.

3.4 Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's development activities is recognized only if all of the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Group intends to complete the intangible asset and use or sell it.
- The Group has the ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits.
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

The cost of an internally generated intangible asset comprises all direct attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on the project development. These costs are recognised as intangible assets. Until completion of the project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset and is shown within administrative expenses in the income statement.

3.5 Loans and other receivables

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

3.6 Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

3.7 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement, except where it relates to items charged or credited directly to equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized as a component of tax expense in the income statement, except where it relates to items charged or credited directly to other comprehensive income.

3.8 Operating lease agreements
Rentals applicable to operating leases where the risks and rewards of ownership are not transferred are charged to the income statement net of any incentives received from the lessor on a straight-line basis over the period of the lease.

3.9 Revenue recognition
Revenue arises from the provision of mobile internet content to end users facilitated through mobile network operators and other payment providers. End users make a prepayment to the Group prior to accessing chargeable mobile internet content.

Content access fees are received from end users and are recognized as gross revenue at the time at which the end users access the chargeable mobile internet content. In some cases, third party payment processors elect to refund their customers without returning content to the content provider and this is treated as an additional payment provider cost included in cost of sale.

Where there has been no activity on an end user account for a period of 60 days, the balance remaining is released to revenue in accordance with the end user terms and conditions, because of operating policies of mobile network operators relating to number reissue.

Revenue from the sale of licences to content providers and service contracts is recognized in the financial statements over the period of the contract.

Revenue from services provided to mobile phone operators and content providers are recognized in the financial statements over the period of the contract.

Revenue is measured by reference to the fair value of consideration receivable by the Group for services provided, excluding VAT.

3.10 Employee benefits
All accumulating employee-compensated absences that are unused at the balance sheet date are recognized as a liability.

Payments to defined contribution retirement benefit schemes are charged as an expense in the period to which they relate.

3.11 Share-based payment transactions
The Group issues equity settled share-based compensation to certain employees (including directors). Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured by the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, and any expense not yet recognized for the transaction is recognized immediately. However, if a new transaction is substituted for the cancelled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Share-based payment transactions are shown separately in the Consolidated Income Statement.

3.12 Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of the transaction. Exchange gains and losses are included in the income statement for the period.

3.13 Segment reporting
In identifying its operating segments, management recognise two service lines - the provision of a mobile payment platform and the provision of analytics technology to provide accurate information about users. The revenue and margin generated from each of these segments is separately reported but where costs and assets are managed and utilised on a group basis, these are not allocated to a segment.

3.14 Financial instruments/ liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Interest income and expenses are reported on an accrual basis using the effective interest method.

3.15 Share capital and reserves

Share Capital

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium where a group reorganisation qualifies as a common control transaction.

Other reserve

The other reserve represents equity-settled share-based employee remuneration until such share options are exercised.

3.16 Significant accounting estimates and judgements

Revenue recognition

The Board reviewed the status of Bango with regard to the role Bango plays within transactions and consistent with the prior year, revenue has been reported gross on the basis that the key elements of Bango's role are consistent with those of a principal in the transaction.

Share options

Share options are granted on a discretionary basis and vest evenly over a three year period. The fair value of options granted is determined using the Black-Scholes valuation model, which requires a number of estimates and assumptions. The significant inputs into the model are share price at grant date, exercise price, expected option life, expected volatility and the risk free rate. Volatility is measured as the standard deviation of expected share price returns based on a statistical analysis of competitors' share prices.

Trade receivables

Trade receivables are stated net of a provision for bad and doubtful debts, based on the Group's best estimate of the likelihood of recovery on a specific basis.

Deferred tax

A deferred tax asset is recognized where the Group considers it probable that a tax credit will be received in the future. This specifically applies to tax losses and to outstanding vested share options at the balance sheet date. No deferred tax asset is currently being recognised.

Development costs

Judgement is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at each balance sheet date. Economic success of any product development is uncertain at the time of recognition as it may be subject to future technical problems.

4. Segment information

(a) The Group identifies two operating segments. Management reporting is based principally on the type of customer and strategic decisions are made on the basis of the gross profit generated from each segment. The segments are not separately managed and therefore the Group's headquarters and its research and development activity are considered group operations and are not allocated to any operating segment. Segment information can be analysed as follows for the reporting periods under review.

Year ended 31 March 2011

	End user activity	**Content provider fees**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment revenue	17,461,790	1,863,067	-	**19,324,857**
Segment gross profit	643,316	1,851,667	-	**2,494,983**
Segment assets	2,095,037	508,221	5,735,539	**8,338,797**
Segment liabilities	(2,136,865)	(35,116)	(405,418)	**(2,577,399)**
Net assets	(41,828)	473,105	5,330,121	**5,761,398**

Year ended 31 March 2010

	End user activity	**Content provider fees**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment revenue	24,691,741	1,441,368	-	**26,133,109**
Segment gross profit	1,226,293	1,441,368	-	**2,667,661**
Segment assets	2,891,751	248,601	5,093,458	**8,233,810**
Segment liabilities	(3,539,876)	(35,038)	(634,469)	**(4,209,383)**
Net assets	(648,125)	213,563	4,458,989	**4,024,427**

End user activity arises from content access fees paid to Bango by end users for accessing chargeable content provided by content providers. Cost of sales for this segment includes both content provider and payment provider charges. Assets for this segment are amounts due from payment providers. Liabilities for this segment are mainly fees payable to payment providers for provision of services and fees payable to content providers for provision of content sold by Bango to end users.

Content provider fess are the amounts paid to Bango by content providers for package fees and other services. Assets for this segment are amounts due from content providers for package fees and other services. Liabilities for this segment represent deferred income for package fees.

Group assets include non-current assets and cash and cash equivalents. Group liabilities relate to administrative expenses.

(b) The Group's revenue from external customers is divided into the following geographical areas. All non-current assets are based in the UK.

	2011	2010
	£	£
United Kingdom	**3,185,826**	4,397,990
EU	**452,077**	606,252
US and Canada	**15,120,714**	20,843,390
Rest of the World	**566,240**	285,477
	19,324,857	26,133,109

Segment revenue is based on the location of the customers.

5. Basic and diluted earnings per share

The basic profit / (loss) per share is calculated by dividing the result attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
(Loss)/ profit for the period	**£(696,085)**	£10,141
Weighted average number of shares in issue	**36,564,487**	30,113,120
Basic (loss)/profit per share	**(1.90)**	0.03p

6. Cash used by operations

	2011	2010
	£	£
(Loss)/profit for the year	**(696,085)**	10,041
Depreciation and amortisation	**317,012**	167,961
Taxation in income statement	**(219,431)**	(260,311)
Investment income	**(516)**	(1,165)
Interest payable	**103**	8,834
Foreign exchange movement	**67,282**	15,771
Share-based payment expense	**117,566**	64,845
Decrease in receivables	**884,365**	445,111
Decrease in payables	**(1,631,984)**	(595,303)
	(1,161,688)	(144,216)
Corporation tax rebate	**0**	108,522
Net cash used by operations	**(1,161,688)**	(35,694)

7. Share capital

During the year 1.799m new shares were issued at 135.0 pence per share. The total proceeds were £2,232,294 (net of issue costs of £196,653) of which £359,844 was recognized as share capital and £1,872,450 as share premium.

During the year, 218,242 share options were exercised at exercise prices between 23 pence and 106.5 pence and a par value of 20 pence per share. The total proceeds were £83,196 of which £43,649 was recognized as share capital and £39,547 as share premium.

During the year 471,550 options were granted to employees, including 31,250 to Peter Saxton, a Director.

At the period end 3,549,457 share options were outstanding.

8. Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

The consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year-ended 31 March 2010 have been extracted from the group's audited financial statements. The auditors have yet to report on the statutory accounts for the year ended 31 March 2011.