16th June 2010
Embargoed until 07:00

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

Preliminary Results for year ended 31st March 2010

Bango (AIM: BGO) the mobile web payments and analytics company, today announces Preliminary Results for the year ended 31 March 2010.

Financial Highlights
(comparative data for FYE 31 March 09 except where otherwise indicated)

- Revenues up 48% to £26.1m (£17.6m)
- Maiden profit after tax of £10k (loss of £478k)
- Cash balance of £2.74m as at 31 March 2010 (£0.83m at March 31 2009)
- Investment in assets of £1.04m (£0.4m) including £0.88m (£0.35m) on internal development for future products and services.

Operational Highlights

- Continued migration of large U.S. content providers to the Bango system
- Deployment of unique Bango technology to one click carrier billing via Wi-Fi
- T-Mobile USA "off-deck mobile web billing" integration with Bango
- Bango develops capability to enable RIM to provide operator billing for Blackberry App World
- Major new customers including Fox Mobile and Turner Broadcasting

Ray Anderson, Chief Executive Officer of Bango, commented:

"Following a year which saw continued growth and our first profitable year, we have built a strong sales pipeline and an impressive portfolio of customers. Mobile web usage is accelerating and mobile payments are becoming increasingly important to providers of content and services. As a provider of a mobile payments platform and associated analytics tools, Bango is a major beneficiary of this trend. Working with mobile operators, content providers, brands, as well as other commercial partners and investors, we look forward to delivering continued growth and significant shareholder value."

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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 applications, music, games, 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

Bango has made excellent progress this year as demonstrated by both its results for the financial year to end of March 2010 and the signing of major new customers that are leaders in the mobile internet. In addition, the Company has grown sales by 48% while reducing operating expenses – resulting in a profitable second half, and a maiden profit for the full year.

Bango enables commerce on the mobile web for hundreds of businesses. It delivers the most efficient means of collecting payments as well as providing reliable, accurate tools for measuring actual consumer behaviour and returns on marketing investment.

Mobile content providers using Bango enjoy higher "view-to-purchase" conversion rates than those using alternative methods. Simply put, they make more sales. Bango's largest U.S. customers are increasing profitability and providing better customer experiences by migrating from legacy Premium SMS suppliers to Bango's web based systems.

Bango's systems provide simplicity to the user and increased sales to content providers. The unique and sophisticated technology is a result of many years of development and refinement, and has become closely integrated with the billing systems of major mobile network operators. As a result, Bango is therefore able to maintain its competitive advantage.

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. Major mobile phone manufacturers, mobile operators and internet businesses are driving the uptake of the mobile internet.

The growth in mobile content sales and the switch to an internet model for payment and delivery gives Bango the opportunity to become a significant player in this important sector.

Bango's growth is driven both by businesses that are new to mobile content and services sales and by established mobile content sellers. They are transitioning their business from the older "Premium SMS" payment method to the Bango platform to benefit from the increasing popularity of the mobile internet and the increased sales opportunities through Bango.

Bango can deliver further substantial growth in transaction volumes through its unique technology, operator relationships and strong operational foundation without a significant increase in operating expenses.

The placement of 7.5_million new shares in January 2010 raised £3 million net of expenses. This strengthened the balance sheet and gives the Company flexibility to accelerate mobile operator payments to key customers, thereby improving margin and growth opportunities.

With its ability to facilitate commerce on the mobile internet, the Board is pleased to see that Bango is already benefitting from the growth in this market and, in anticipation of this burgeoning market, looks to the future with confidence.

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

Lindsay Bury
Chairman

CEO's Statement

Business is progressing well at Bango. Sales are up and operating costs are down. The Company has a strong pipeline of prospects and is seeing an increasing level of business from our existing customers.

The key development in the business during the last year has been the start of the migration of some of the world's largest content providers away from Premium SMS onto the Bango platform. It is commercially more attractive because Bango delivers significantly higher conversion rates, in terms of clicks to collect payments, compared to other alternative payment mechanisms. This translates into higher profits for Bango customers enabling them, in turn, to out-spend their competitors in marketing.

Bango has seen a significant increase in transactional volumes taking place on its platform as part of this migration, and a resulting increase in transaction fees generated from this activity. The success of these migrations, new Bango features released in March 2010 and the recent strengthening of Bango's balance sheet means that we are well positioned for the future.

Growing Transaction Volumes

End user revenue grew by 55% year on year.

The improved sales, financial predictability and customer experience Bango is able to offer customers is what drives content providers to use the Bango system instead of SMS based solutions. To accelerate this change, a small team was established in January 2010 to focus on this opportunity, alongside the established sales team which is focused on winning new customers.

As more Mobile Network Operators (MNOs) have connected to Bango and allowed integration with their billing services, more customers have been enabled to access content sold through Bango's payment system, in turn, driving transaction volumes. The AT&T and Sprint contracts won in the previous financial year have driven most of the growth in U.S. transactions. Additionally, connections to the T-Mobile USA and Virgin Mobile USA billing systems in November 2009 further expanded Bango's U.S. coverage. Discussions are progressing with other MNOs including Verizon.

Bango has a sales pipeline of large and medium sized content providers, and other businesses, that want to collect payment from mobile users or analyze their behaviour. Some have not yet started the transition from legacy SMS to mobile web. Others want to move from the traditional PC web to the mobile internet to benefit from the increasing volume and spending power of mobile phone users. As customers sign-up and start using the Bango service, their success in selling their products via the mobile internet should drive more transaction volume.

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.

Growing the Bango Customer Base

Bango has succeeded in winning business from many large customers during the year including: Fox Mobile, Yahoo, Cellfish, Turner Broadcasting, Go-spoken, Monotype Imaging, Sendme Inc., Telenav and All Night Media.

Bango Analytics had its first full year of sales, and has successfully seen leading brands adopting the product to measure the effectiveness of their mobile marketing campaigns. The Turner Broadcasting win, covering mobile sites such as CNN.com, Adult Swim, Family Guy, Cartoon Network and CNN Money was significant – not just in revenue terms but also because we are able to focus our innovation and services on meeting the needs of an organization which is a leader in the provision of ad funded content.

Product development

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

(1) Improvements and innovation in existing services. Alongside many incremental improvements, Bango has added the innovative capability to use operator billing when users are connected through a non-operator (e.g. WiFi) network, as well as optimizations to the user experience for iPhones, Android devices and BlackBerry handsets.

(2) New Bango Payment and Analytics services. New services include the ability to use Bango Payment from within a mobile application as well as from a web site, and new services to allow deeper integration with the Bango CRM system. A new service offering focused on larger "Enterprise" customers was launched during the year. New offerings to open up emerging markets such as Brazil and India are under development for initial release in 2010.

(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 customers to be able to meet their present and future needs. Information on consumers grew from 40 million unique mobile subscribers in March 2009 to more than 73 million in March 2010. On current trends, the 100 million mark will be passed during June 2010.

As major businesses become more reliant on Bango, they are undertaking extensive due diligence of systems and procedures, helping to improve and refine processes going forwards. Security checks, on-site audits and capacity testing have been undertaken by companies including Turner, RIM and Yahoo.

Financial performance

Gross revenue in FY2010 grew by 48% to £26.1m compared with the previous year, with revenue in the second half of the year up by 12% compared to the first half year. Revenue from outside the UK accounted for 83.2% (£21.7m) of total revenue for the year, up from 61% (£10.8m) in the previous year.

Gross profit in the second half grew 1% compared with the first half, to give a gross profit for the year of £2.67m.

End user revenue grew by 55% year on year, 13% half on half. Gross profit on end user activity grew by 21% to £1.23m from £1.02m, whilst margin percentage reduced from 6.4% to 5.0% as a result of the earlier decision to lower transaction fees for larger content provider customers, resulting in significant increases in revenue from larger customers and the opportunity for substantial future growth.

Gross profit from content providers decreased by £0.2m to £1.44m reflecting the full effect of the decision made in early 2008 to change the sales process for content providers by introducing simpler and cheaper products, requiring reduced sales effort and reducing sales and marketing costs by about £0.7m year on year. As a result, some migration occurred with existing customers moving to cheaper Bango products.

Sales of Bango Analytics products, launched during the year, made a small contribution to content provider revenues, with annualized revenues at the year-end of £225k.

Administrative expenses decreased by £0.41m (12.6%) to £2.85m from £3.26m in the previous year, as a result of continuing improvement in sales and marketing efficiencies, plus increased development focus on activities with benefits in future periods.

The loss before tax was £0.25m, improved by 61% compared with the loss of £0.65m in FY09.

After an R&D tax credit of £0.26m, Bango achieved its maiden profit after tax of £10k. This compares with an after tax loss in the previous year of £0.48m.

The cash used by operating activities for the year was £0.05m (£0.38m) broadly in line with the profit for the year. Expenditure on assets totaled £1.04m (£0.41m), including £0.88m (£0.35m) on internal R&D mainly on projects relating to high volume analytics processing in future periods.

In January 2010 the Company raised £2.994m net from the issue of new ordinary shares at a price of 43p to provide increased working capital.

Industry Trends

Bango management sees a number of trends increasing the market opportunity for Bango:

1. More sophisticated devices are achieving widespread adoption
2. The adoption of the mobile internet is increasing globally
3. Mobile broadband enables delivery of richer and more valuable content to consumers
4. More mobile users are using the internet and buying products on their phones
5. The functionality and usability of mobile web browsers continues to improve
6. Businesses are placing more emphasis on the mobile channel
7. MNOs are moving to open up opportunities for third parties reaching out to their subscribers
8. Increased interest in “paid content” models as “ad funding” becomes more challenging
9. Increased competition for “useful shelf space” in the MNO portals and “Application Stores”
10. Growing recognition of the value of behavioural or personalized marketing
11. Businesses are focussing on payment conversion rates as competition becomes more intense

Once a mobile web site is established, it is immediately accessible to mobile internet users around the world. Once available, a web enabled system has a number of requirements that make it an expensive and potentially risky undertaking for any business. These factors also make a comprehensive and highly effective outsourced Bango offering an attractive alternative. The types of issues that Bango can address include, for example, users who need to be geo-located, age-verified for certain content types, MNOs identified or currency and payment options accepted. In addition, the appropriate taxes must be collected and paid, payment fraud risk mitigated, and assurances made that products are not available to banned locations or inappropriate consumers.

Direct to Mobile
Traditionally consumers have been encouraged to obtain digital content on a PC and transfer it to a mobile device. With the mobile phone replacing the iPod as the most popular music device and more phones having internet capability, consumers are becoming increasingly comfortable with the direct delivery of digital products, including software, audio-books, e-books, computer games, video games, music, and video to their mobile phones.

This shift to direct delivery is being driven by benefits to both buyers and sellers of these products. For buyers, downloaded products are immediately available for use, without the inconvenience of a "side load". For sellers, direct delivery increases the speed of user wish fulfilment and maximizes the chances of repeat sales.

Bango's technology and relationships are focused on enabling successful mobile web business models because mobile devices are increasingly the way in which consumers will be connected to content in the future. Many of the world's largest content providers agree with Bango and are starting to use Bango's services and products to replace traditional SMS driven content delivery.

Payment and conversation rates
Traditional internet payment mechanisms such as Paypal have been targeting the mobile market for many years but continue to show very poor conversion rates. If these systems become more effective, they could open up a new opportunity for Bango to collect payments from some user groups.

App stores
"Application Stores" such as the Blackberry RIM store, Nokia OVI store and the Apple App Store are new and increasingly important channels for vendors of applications in particular. In the case of the Nokia, Blackberry and Android App stores, Bango sees opportunities to help these increase their conversion rates by adding Bango payment services. In addition, content providers can use Bango alongside "app stores".

Apple currently limits the functionality of the iPhone mobile browser to prevent the download of applications, music or video unless they have come through an "Apple approved channel" or have been side-loaded. This has restricted the size of the market for content providers targeting that device. Several content providers are now using Bango to charge iPhone users for chat, information or streaming services, which are not blocked by the iPhone and Apple's "walled garden" philosophy.

Outlook and Strategy for FY ending March 2011

Bango's strategy is to leverage its central position in the growing commercial mobile internet world in order to benefit from the increased level of business activity in this space. With considerable technical investment made to date, the Bango platform can handle very significant increases in transaction volumes without the need for major additional capital expenditure.

Bango expects to see continued revenue growth driven by an increasing number of customers and a growing volume of transactions from established customers. The investments made in previous years mean Bango has a stable, automated, highly scalable system. This coupled with a proven business model and carefully managed cost base means Bango is well positioned for profitable growth in the year ahead.

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.

The new Bango Analytics product is building a good reputation for precision and quality. Bango sometimes encounters competition from Nielsen or Omniture in its larger prospects, but according to prospects they do not have the accuracy or quantity of data Bango can provide. The ability to measure the success of marketing activity accurately can also be a benefit for Bango Payment customers.

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

BANGO PLC

Unaudited results for the 12 months ending 31 March 2010

Consolidated income statement

	Note	2010 £	2009 £
Revenue	4	**26,133,109**	17,607,176
Cost of Sales		**(23,465,448)**	(14,947,758)
Gross profit		**2,667,661**	2,659,418
Administrative expenses before share based payments		**(2,845,417)**	(3,256,390)
Share based payments		**(64,845)**	(62,496)
Total administrative expenses		**(2,910,262)**	(3,318,886)
Operating loss		**(242,601)**	(659,468)
Interest payable		**(8,834)**	-
Investment income		**1,165**	13,426
Loss before taxation		**(250,270)**	(646,042)
Income tax		**260,311**	168,545
Profit / (loss) and total comprehensive income for the financial year		**10,041**	(477,497)
Basic and diluted earnings per share (pence)	5	**0.03**	(1.72)

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

BANGO PLC

Unaudited results for the 12 months ending 31 March 2010

Consolidated balance sheet
As at 31 March 2010

	2010	2009
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	**315,792**	259,377
Intangible assets	**1,163,591**	352,738
Non-current assets	**1,479,383**	612,115
Current assets		
Trade and other receivables	**4,018,967**	4,312,289
Cash and cash equivalents	**2,735,460**	826,283
	6,754,427	5,138,572
Total assets	**8,233,810**	5,750,687
EQUITY		
Capital and reserves		
Share capital	**7,176,989**	5,673,712
Share premium account	**7,005,012**	5,504,749
Merger reserve	**1,236,225**	1,236,225
Other reserve	**981,236**	916,391
Accumulated losses	**(12,375,035)**	(12,385,076)
Total equity	**4,024,427**	946,001
LIABILITIES		
Current liabilities		
Trade and other payables	**4,209,383**	4,804,686
Total liabilities	**4,209,383**	4,804,686
Total equity and liabilities	**8,233,810**	5,750,687

BANGO PLC

Unaudited results for the 12 months ending 31 March 2010

Consolidated summarized cash flow statement

		2010	2009
		£	£
Net cash used by operating activities	6	**(51,465)**	(376,069)
Cash flows generated from/ (used by) investing activities			
Purchase of property, plant and equipment		**(159,489)**	(59,748)
Addition to intangible assets		**(875,740)**	(352,471)
Interest received		**1,165**	13,426
Interest payable		**(8,834)**	-
Net cash generated from/(used by) investing activities		**(1,042,898)**	(398,793)
Cash flows generated from financing activities			
Proceeds from issuance of Ordinary Shares		**3,003,540**	475,112
Net cash generated from financing activities		**3,003,540**	475,112
Net increase/ (decrease) in cash and cash equivalents		**1,909,177**	(299,750)
Cash and cash equivalents at beginning of year		**826,283**	1,126,033
Cash and cash equivalents at end of year		**2,735,460**	826,283

BANGO PLC

Unaudited results for the 12 months ending 31 March 2010

Consolidated statement of changes in equity

Group	**Share capital £**	**Share premium account £**	**Merger reserve £**	**Other reserve £**	**Accumulated losses £**	**Total £**
At 1 April 2008	**5,383,282**	**5,320,067**	**1,236,225**	**853,895**	**(11,907,579)**	**885,890**
Share options issued in share-based payments	-	-	-	62,496	-	62,496
Exercise of share options	21,430	13,107	-	-	-	34,537
Issue of new shares	269,000	171,575	-	-	-	440,575
Transactions with owners	**5,673,712**	**5,504,749**	**1,236,225**	**916,391**	**(11,907,579)**	**1,423,498**
Loss for the period	-	-	-	-	(477,497)	(477,497)
Total comprehensive income for the period	-	-	-	-	(477,497)	(477,497)
Balance at 31 March 2009	**5,673,712**	**5,504,749**	**1,236,225**	**916,391**	**(12,385,076)**	**946,001**
Balance at 1 April 2009	**5,673,712**	**5,504,749**	**1,236,225**	**916,391**	**(12,385,076)**	**946,001**
Share options issued in 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**

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 as amended for the adoption of IAS 1 Presentation of Financial Statements (revised 2007) and IFRS 8 Operating Segments unless otherwise stated.

The adoption of IAS 1 (Revised 2007) does not affect the financial position or the results of the Group, but gives rise to the additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. IAS 1 (revised 2007) affects the presentation of owner changes in equity. IAS 1 (revised 2007) requires presentation of a comparative balance sheet at the beginning of the first comparative period. Management considers that this is not necessary this year because the 2008 balance sheet is the same as previously published.

This year the Group adopted IFRS 8 Operating Segments, which replaces IAS 14 Segment Reporting. The standard is applied retrospectively. The adoption of IFRS 8 has not changed the segments which are disclosed. Under IFRS 8 the accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the chief operating decision maker.

3.1 Property, plant and equipment

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

3.2 Intangible assets

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

3.3 Impairment of property, plant and equipment and intangible assets

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 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 Revenue recognition

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 revenue at the time at which end users access chargeable mobile internet content and recognised as gross revenue. 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.

3.9 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 as they fall due.

3.10 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 behavioural 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.

3.11 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.

3.12 Segment reporting

A segment is a distinguishable component of the group services as reported internally and reviewed by the Board and chief operating decision maker.

3.13 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.

3.14 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.

3.15 Significant accounting estimates and judgements

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. The carrying value of capitalised development costs is £1,163,591 (2009 : £352,471).

4. Segment information

(a) The Group identifies two operating segments. Management reporting is based principally on the type of service provided to customers and strategic decisions are made on the basis of the gross margin 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 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**

Year ended 31 March 2009

	End user activity	**Content provider fees**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment revenue	15,912,581	1,694,595	-	17,607,176
Segment gross profit	1,015,842	1,643,576	-	2,659,418

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

	2010	2009
	£	£
United Kingdom	**4,397,990**	6,782,898
EU	**606,252**	635,117
US and Canada	**20,843,390**	9,807,272

Rest of the World	**285,477**	381,889
	26,133,109	17,607,176

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.

	2010	2009
Profit / (loss) for the period	**£10,041**	(£477,497)
Weighted average number of shares in issue	**30,113,120**	27,794,361
Basic profit / (loss) per share	**0.03p**	(1.72p)

The diluted profit / (loss) per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary share options.

	2010	2009
Profit / (loss) for the period	**£10,041**	(£477,497)
Weighted average number of shares as adjusted for dilutive options	**32,542,820**	27,794,361
Basic profit / (loss) per share	**0.03p**	(1.72p)

6. Cash used by operations

	2010	2009
	£	£
Profit / (loss) for the year	**10,041**	(477,497)
Depreciation and amortisation	**167,961**	122,810
Taxation in income statement	**(260,311)**	(168,545)
Investment income	**(1,165)**	(13,426)
Interest payable	**8,834**	-
Share-based payment expense	**64,845**	62,496
Increase in receivables	**445,111**	(1,805,589)
Increase in payables	**(595,303)**	1,735,137
	(159,987)	(544,614)
Corporation tax rebate	**108,522**	168,545
Net cash used by operations	**(51,465)**	(376,069)

7. Share capital

During the year 7.488m new shares were issued at 43.0 pence per share. The total proceeds were £2,993,816 (net of issue costs of £226,184) of which £1,497,674 was recognized as share capital and £1,496,142 as share premium.

During the year, 28,018 share options were exercised at exercise prices between 23 pence and 44 pence and a par value of 20 pence per share. The total proceeds were £9,724 of which £5,603 was recognized as share capital and £4,121 as share premium.

During the year 661,157 options were granted to employees, including 62,500 to Peter Saxton, a Director.

At the period end 3,455,635 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 2009 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 2010.

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