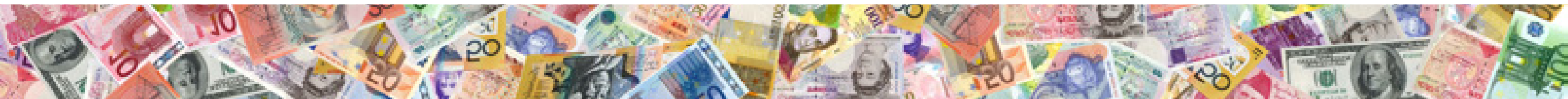
Annual Report 2010



Bango is the leading provider of mobile payment and analytics technology. Bango powers businesses targeting the fast-growing market of internet enabled mobile phone users.

Bango's unique technology, mobile operator relationships and consumer profiles enable businesses and developers to sell more digital content and applications to mobile phone users worldwide.

Bango analytics provides website owners and app developers the most accurate information about customers visiting their site and using their mobile applications.

The mobile market is rapidly moving to an internet based model and Bango continues to be a key player in this exciting, fast-growing, global industry.

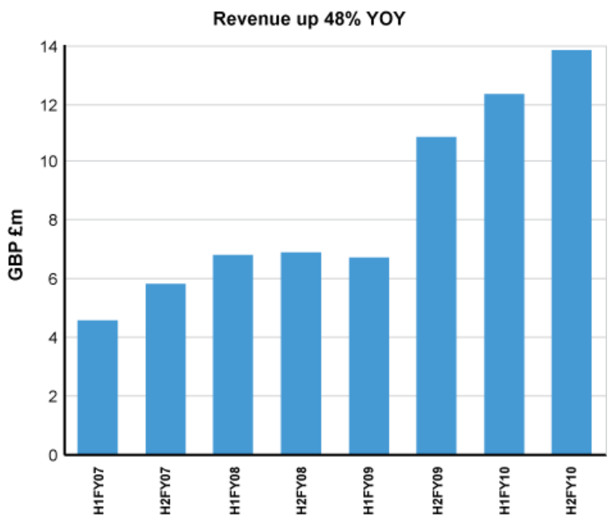
Highlights

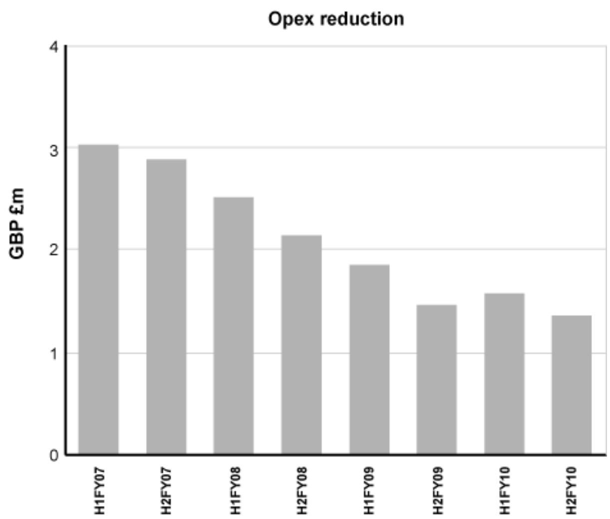
Financial highlights

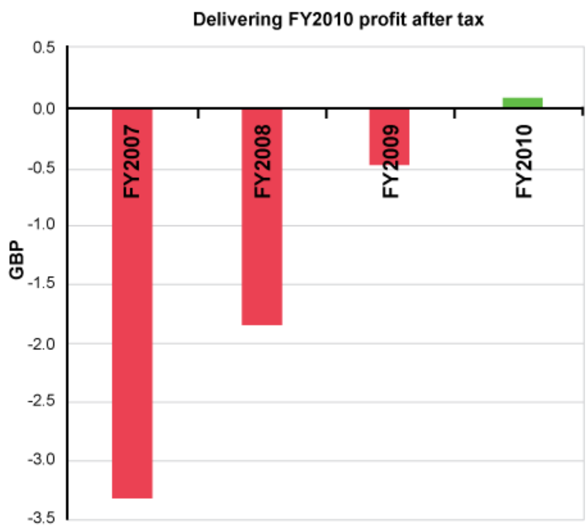
- Revenues up 48% to £26.1m (£17.6m)
- Maiden profit after tax of £10k (loss of £478k)
- Cash balance of £2.74m as at 31 March 2010 (£0.83m at March 31 2009)
- Investment in assets of £1.04m (£0.4m) including £0.88m (£0.35m) on internal development for future products and services

Operational highlights

- Continued migration of large US 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 System Inc







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 behavior 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 US 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 web, 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

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. Business is progressing well at Bango, sales are up and operating costs are down.

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 US transactions. Additionally, connections to the T-Mobile USA and Virgin Mobile USA billing systems in November 2009 further expanded Bango's US 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 behavior. 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 web should drive more transaction volume.

In addition to payments collected by mobile websites, 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 System Inc, 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 (eg Wi-Fi) 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 website, 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. The 100 million mark was 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 new Bango Analytics products, launched in February 2009, 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 that are growing the market opportunity for Bango:

- More sophisticated devices are achieving widespread adoption
- The adoption of the mobile web is increasing globally
- Mobile broadband technology enables the delivery of richer content to consumers
- More mobile users are using the internet and buying products on their phones
- The functionality and usability of mobile web browsers continues to improve
- Businesses are placing more emphasis on the mobile channel
- MNOs are moving to open up opportunities for third parties reaching out to their subscribers
- Increased interest in paid content models as ad-funding becomes more challenging
- Increased competition for useful shelf space in the MNO portals and application stores
- Growing recognition of the value of behavioral or personalized marketing
- Businesses are focussing on payment conversion rates as competition becomes more intense

Once a mobile website 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, 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, 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 fulfillment 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 App World, 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 application 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 application 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 quality 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

Success stories

With our unique technology and key mobile operator partnerships we have helped thousands of brands and app developers become successful on mobile. Our mobile billing and analytics solutions have enabled them to market and sell more mobile content and services. Below you will find a selection of our recent success stories.

Touchnote

Touchnote is a digital greeting card company that enables people to create and post cards using their mobiles from anywhere in the world. Consumers can create the cards, personalize them, using their own photos or photos from the Touchnote gallery.

Touchnote uses **Bango** to enable consumers to easily pay for Touchnote cards via in-app billing - using phone bill, credit card and PayPal from within the application. Touchnote customers get a fast and secure payment experience that yields high conversion rates and successful transactions, across multiple territories and networks.

Fox Mobile Group

Fox Mobile Group (FMG) is one of the world's leading mobile entertainment providers, which reaches nearly one billion mobile users via its well-known mobile consumer services. These include Jamster and Jamba portals, which are available in more than 15 countries worldwide.

The **Bango** mobile billing platform enables Jamster and Jamba customers to purchase mobile content fast and securely, delivering a more efficient payment experience within their phone across all territories.

Sprint Application Developers Program

Sprint is the third largest mobile carrier in the US. Through their Application Developers Program, the carrier provides developers access to Sprint's enabling capabilities, creating a solution that meets their needs.

Sprint partnered with **Bango** to provide Sprint developers with a complete mobile analytics solution that gives them independent real-time information about their customers, as they use their apps. As well as showing developers how their customers interact with marketing campaigns and navigate their website.

RIM (Research In Motion)

With over 41 million subscribers, BlackBerry is the number one selling smartphone in the US. Available in more than 65 countries, nearly 30 million BlackBerry smartphone users have downloaded BlackBerry App World.

Bango has been introduced as the "Merchant of Record for carrier billed transactions" for BlackBerry App World, enabling BlackBerry App World purchases to be applied directly to the customer's monthly bill.

Turner Broadcasting System Inc

Turner Broadcasting System Inc is one of the world's largest media entertainment organizations. It operates a number of globally recognized media, sports and entertainment brands. These include CNN and CNN International, PGA, the NBA, Cartoon Network and Sports Illustrated.

Bango licensed its mobile analytics solution to Turner Broadcasting System Inc. Bango provides sophisticated analysis and reporting functions that enable media brands to understand how mobile users interact with on-line services.

"Fox Mobile Group is pleased to work with Bango to bring their mobile web billing services to our Jamba and Jamster customers."

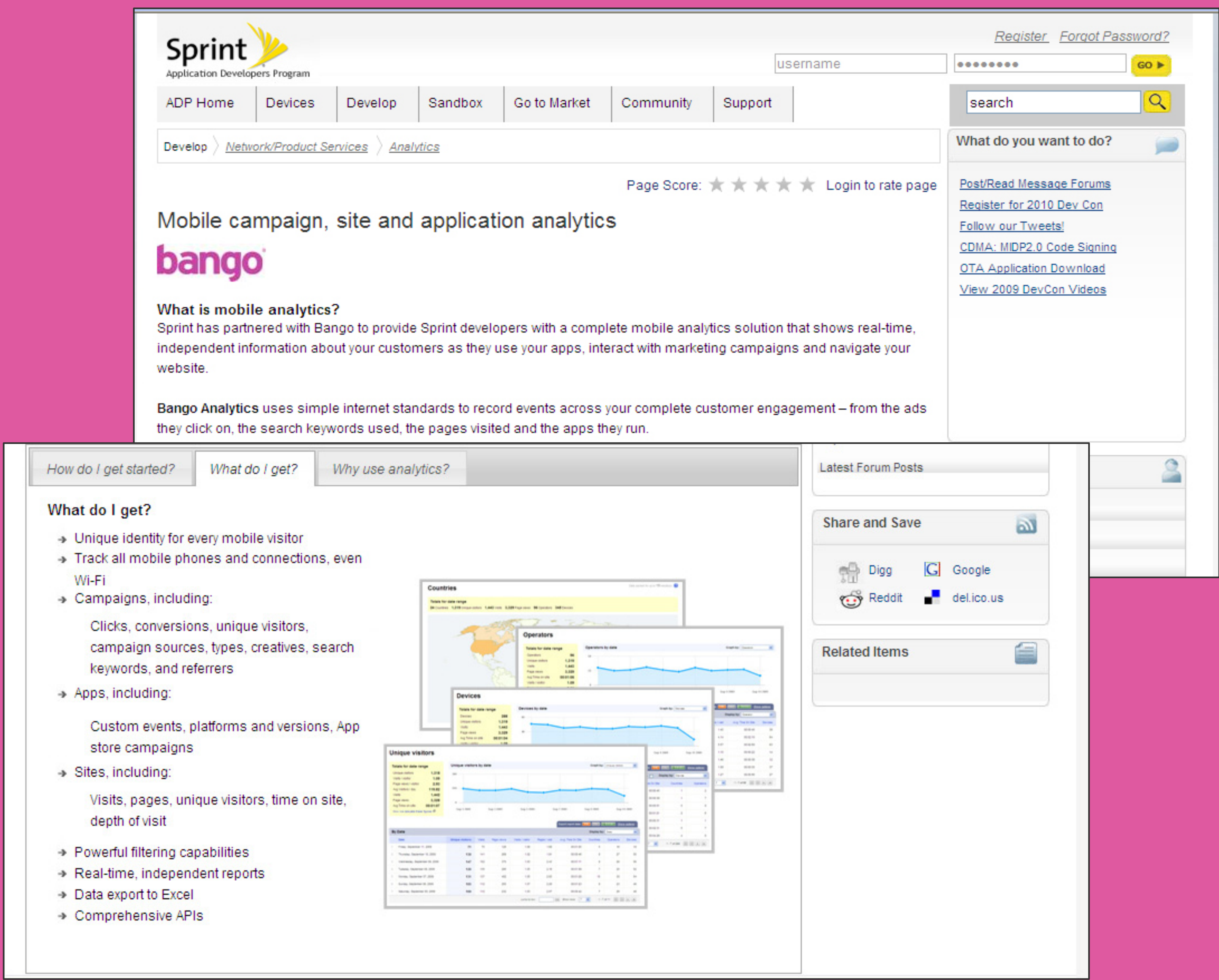
"We are committed to strengthening the user experience across our services and we are excited to be able to offer our customers a more efficient billing option."

Soren Schafft, General Manager of Americas for Fox Mobile Group

"In the world of mobile commerce in-app billing solutions are very limited. A quick and simple integration with Bango Payment has allowed us to give our Touchnote customers the speed and convenience of familiar operator billing.

"By using Bango's new technology we provide our customers with a slick and consistent payment experience that delivers higher conversion rates."

Raam Thakrar, CEO Touchnote



Products

Through one easy integration with Bango's innovative **mobile billing** and **analytics** products, on-line businesses and app developers sell more content and build closer relationships with their customers.

Bango develops and markets two lines of products:

Bango Payment delivers more sales with more successful transactions that give bigger profits.

Businesses and app developers using **Bango Payment** benefit from:

- ✓ 25% more sales from mobile websites and applications
- ✓ Optimized payment experience on all mobile devices including smartphones
- ✓ In-app billing solution for all mobile platforms – including Android, BlackBerry, iPhone, Symbian, Windows Mobile and Palm OS
- ✓ Simple integration to collect one-time payments, distribute trials or sell subscriptions and features from within applications
- ✓ Quick and easy billing through both mobile network and Wi-Fi connections
- ✓ International coverage, with immediate international reach for no extra work
- ✓ Analytics to measure and increase conversion rates
- ✓ Automatic credit card billing to complement operator billing

Bango Analytics provides independent and accurate data about mobile visitors, reporting precise customer insights in real-time.

Businesses using **Bango Analytics** benefit from:

- ✓ 8x greater accuracy for measuring mobile campaigns, apps and mobile sites
- ✓ Unique ID for each visitor – essential for measurement and CRM
- ✓ Real-time and ad-hoc reporting of marketing campaign, applications and mobile site analytics
- ✓ Better understanding of visitors paths and behavior
- ✓ Complete reporting across all operator networks, Wi-Fi and mobile platforms
- ✓ Enriched data through key partnerships with operators and other mobile providers
- ✓ Unbiased, independent data you can trust

Business model

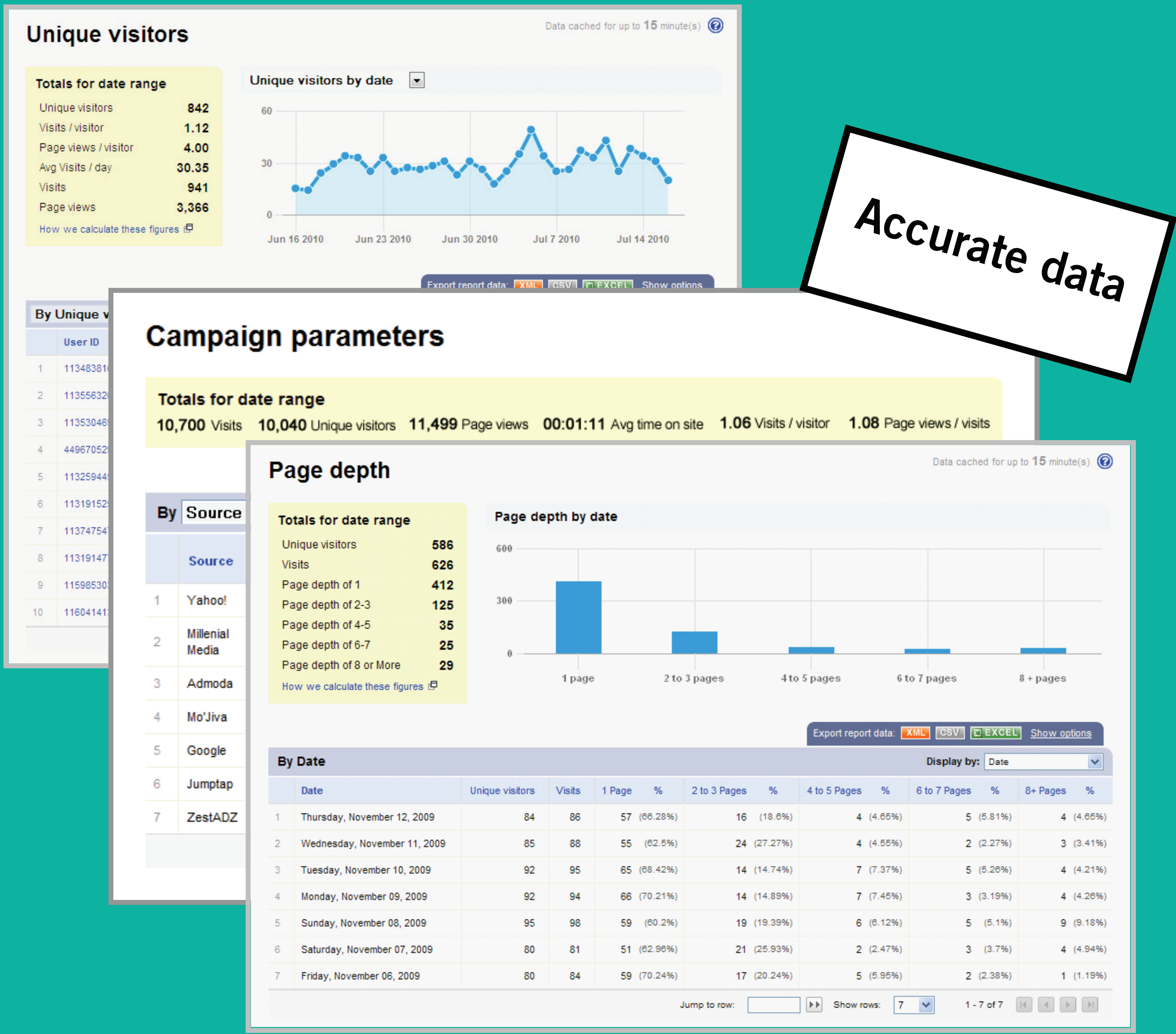
Bango charges for its services through a mixture of transaction fees and monthly fees. Where Bango collects payments through its billing partners, part of each payment transaction is retained by Bango. Around 2% is retained for very high volume customers, 5% is retained at low volume levels. Monthly fees vary from a few dollars to thousands of dollars a month depending on the range and flexibility of services required.

With Bango Analytics, a monthly fee is paid depending on the traffic volumes being analyzed. Typical monthly fees range from \$49 to \$500 per month. Enterprise customers will pay according to specific load and access requirements, typically in the range of \$5,000 - \$10,000 per month. A range of Bango services are available without charge for testing or for small scale users. Most services are purchased on a recurring monthly basis, but annual contracts are available with some offerings.

Key market developments

Anticipated in Bango's FY 2009 Annual Report, the last twelve months saw the use of the mobile web grow rapidly across key markets, and more significantly in the US, driving businesses towards the 'browse and buy' model that is served by Bango products. Significant developments include:

- Fast growth in the smartphones market (BlackBerry, HTC, iPhone) – championing the idea of browsing the web on a mobile device
- Increase in Wi-Fi usage to connect to the internet from mobile devices
- Google's acquisition of AdMob demonstrated the importance of mobile advertising
- App developers demanding greater control over their apps and alternatives routes for distribution, alongside app stores
- Nokia re-positions as an internet company, targets brands with consumer content services
- Mobile operators launched consumer marketing for mobile internet, with specific handsets and data plan pricing
- Verizon Wireless and T-Mobile USA start to match the consumer choice delivered by AT&T and Sprint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Page depth of 6-7 25
Page depth of 8 or More 29
How we calculate these figures
Page depth by date
1 page
2 to 3 pages
4 to 5 pages
6 to 7 pages
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Export report data: XML CSV EXCEL Show options
By Date
Display by: Date
Date | Unique visitors | Visits | 1 Page | % | 2 to 3 Pages | % | 4 to 5 Pages | % | 6 to 7 Pages | % | 8+ Pages | %
1 Thursday, November 12, 2009 | 84 | 86 | 57 | (66.28%) | 16 | (18.6%) | 4 | (4.65%) | 5 | (5.81%) | 4 | (4.65%)
2 Wednesday, November 11, 2009 | 85 | 88 | 55 | (62.5%) | 24 | (27.27%) | 4 | (4.55%) | 2 | (2.27%) | 3 | (3.41%)
3 Tuesday, November 10, 2009 | 92 | 95 | 65 | (68.42%) | 14 | (14.74%) | 7 | (7.37%) | 5 | (5.26%) | 4 | (4.21%)
4 Monday, November 09, 2009 | 92 | 94 | 66 | (70.21%) | 14 | (14.89%) | 7 | (7.45%) | 3 | (3.19%) | 4 | (4.26%)
5 Sunday, November 08, 2009 | 95 | 98 | 59 | (60.2%) | 19 | (19.39%) | 6 | (6.12%) | 5 | (5.1%) | 9 | (9.18%)
6 Saturday, November 07, 2009 | 80 | 81 | 51 | (62.96%) | 21 | (25.93%) | 2 | (2.47%) | 3 | (3.7%) | 4 | (4.94%)
7 Friday, November 06, 2009 | 80 | 84 | 59 | (70.24%) | 17 | (20.24%) | 5 | (5.95%) | 2 | (2.38%) | 1 | (1.19%)
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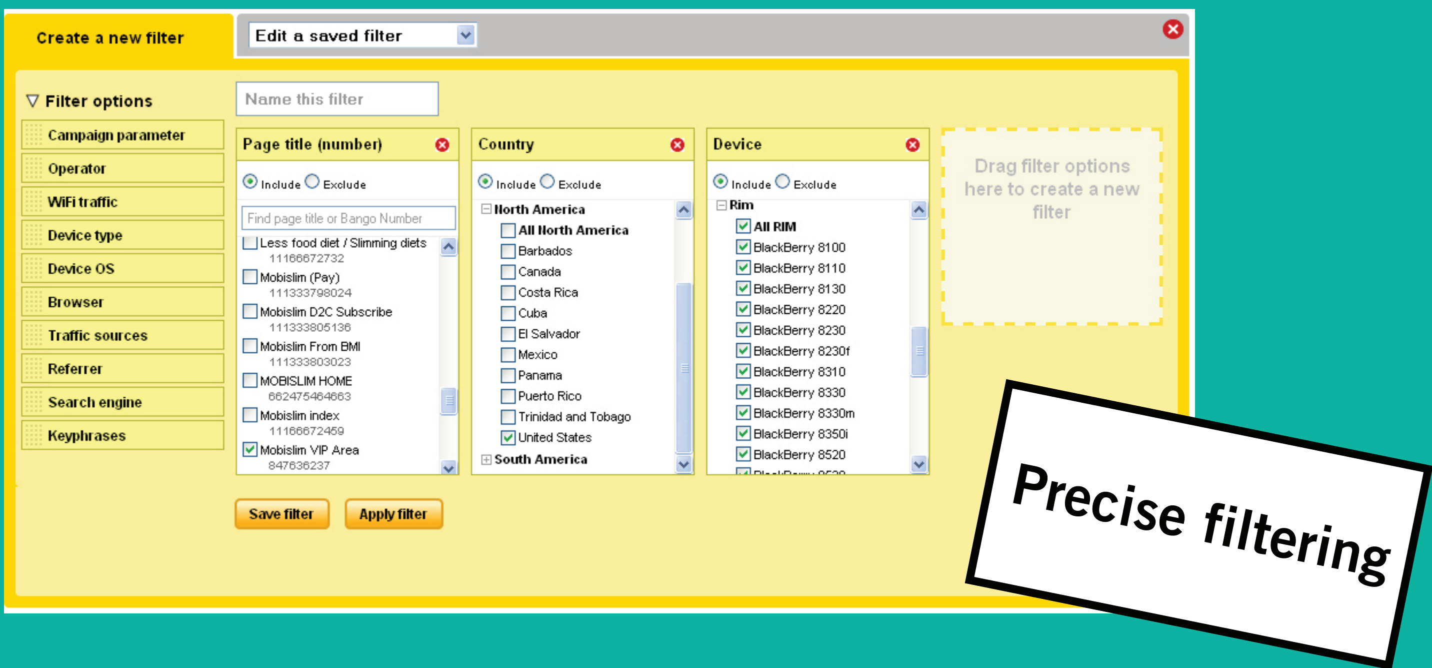
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Filter options
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WiFi traffic
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MOBISLIM HOME 662475464663
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Mobislim VIP Area 847636237
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Barbados
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Costa Rica
Cuba
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BlackBerry 8100
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Save filter
Apply filter
Precise filtering

Directors

Ray Anderson
CEO

Ray has over 25 years experience in starting, growing and selling businesses. He was named ‘Technology Entrepreneur of the Year’ in February 2006. Ray co-founded Bango in 1999 after realizing that the convergence of the internet with the ubiquity of mobile phones could open up huge opportunities for content and service providers. In 1988, Ray established IXI which created the industry standard network GUI - X.desktop. IXI was an early leader in the creation of the web. It sponsored the first ever WWW conference at CERN and shipped the world’s first commercial web browser.

Anil Malhotra
SVP Marketing & Alliances

Anil is a highly experienced, senior marketing and business development manager, with over 17 years experience in building entrepreneurial, fast-growth start-up businesses in the internet, software publishing and technology sectors. He co-founded Bango with Ray Anderson in 1999 and was formerly with IXI, where Anil won worldwide deals with US, Japanese and European industry giants including IBM, Digital and Sun Microsystems.

Peter Saxton
CFO

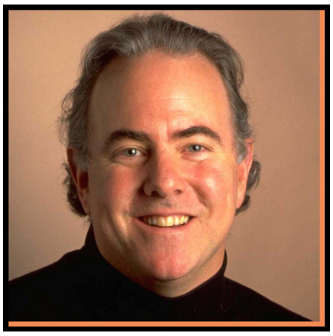
Peter provides the financial leadership, direction and policy guidance to the Company as it continues to grow rapidly. He has over 20 years experience in all financial disciplines including accounting, fund-raising and acquisitions. From 1996 to 2001 he was Finance Director at PayPoint, the UK’s leading branded utility bill payment Company. From start-up, Peter was responsible for all finance activity and enabled the Company to profitably process more than £2 billion of payments per year.

Lindsay Bury
Chairman

Lindsay Bury is Chairman of Electric and General Investment Trust plc and ServicePower Technologies plc. He has in recent years been a Non-executive Director of The Sage Group plc, chairman of South Staffordshire Group and a number of other listed as well as private software and technology companies.

Martin Rigby
Non-executive Director

Martin is founder and joint managing Director of ET Capital Limited, a shareholder in the Company. He has been a venture capital investor for over 20 years making and manages investments in innovative technology businesses, principally in network services, software and hardware.



Rudy Burger
Non-executive Director

Rudy is the Managing Partner of Woodside Capital, an investment bank for emerging growth companies. Rudy has founded five companies, all in the digital media technologies sector. He is a leading expert in digital technologies and international business development. Dr.Burger serves on the boards of several US and European companies. He has a BSc and MSc from Yale University and a PhD from Cambridge University.

David Sear
Non-executive Director

David Sear is Divisional Managing Director at Travelex Global Business Payments, a company which provides international payment services to 35,000 businesses across 14 countries. David joined Travelex in March 2006 from Voca Ltd (previously BACS), where he helped to transform the company at the centre of the UK's payments industry. Prior to Voca, David was Chief Operating Officer at WorldPay Group plc. Earlier in his career David spent seven years at Equifax Cheque Services, the world's largest cheque guarantee company, becoming European Managing Director.

Company information

Company registration number	05386079
Registered office	5 Westbrook Centre Milton Road Cambridge CB4 1YG Tel: +44 (0)8700 340 360 Fax: +44 (0)1223 472 778
Directors	Mr L C N Bury – Non-executive Chairman Mr R Anderson - CEO Mr A Malhotra - SVP Marketing & Alliances Mr P Saxton - CFO Mr M Rigby – Non-executive Director Dr R Burger – Non-executive Director
Company Secretary	Mr H Goldstein
Bankers	HSBC Bank Plc Vitrum St Johns' Innovation Park Cambridge CB4 0DS
Solicitors	Taylor Wessing 24 Hills Road Cambridge CB2 1JW
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Registered Auditors Byron House Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Nominated adviser and broker	Cenkos Securities Ltd 6.7.8 Tokenhouse Yard London EC2R 7AS
Public relations advisor	Threadneedle Communications 3rd Floor, Aldermary House 10-15 Queen Street London EC4N 1TX
US office	330 Madison Avenue 6th Floor New York, NY 10017 Tel: +1 866 528 6897 Fax: +1 646 349 3023

www.bango.com
sales@bango.com

Directors' report

The Directors present the Annual Report and audited financial statements of Bango PLC for the year ended 31 March 2010.

Principal activities and business review

The principal activity of the Company during the year was as investment holding company for Bango.net Limited and other subsidiaries.

The principal activity of the Group during the year was the development, marketing and sale of technology to enable mobile phone users to easily choose and purchase services, games, pictures, videos, music and ringtones on their mobile phones.

Bango enables businesses of all sizes to quickly and easily benefit from the expansion of the world wide web to mobile phones. Bango technology and services have been used by many leading brands.

A review of the Group's performance for the year ended 31 March 2010 and future developments is contained in the Chairman's statement and the CEO's statement.

Key performance indicators

The Group made a profit of £10,041 (£74,886 before share based payment costs) for the year ended 31 March 2010 (2009: loss of £477,497, £415,001 before share based payment costs). The Directors do not recommend payment of a dividend.

The Directors and their interests

The Directors who served the company throughout the year, together with their beneficial interests in the shares of the Company were as follows:

	Ordinary shares of 20p each At 31 March 2010	Ordinary shares of 20p each At 31 March 2009
Mr R Anderson	**6,624,036**	6,424,036
Mr A Malhotra	**3,747,000**	4,027,000
Mr P Saxton	**225,000**	225,000
Mr L C N Bury	**1,158,920**	950,000
Mr M Rigby	**20,754**	20,754

Dr R Burger was appointed director on 3 June 2010 and Mr D Sear was appointed director on 20 August 2010.

The Directors did not exercise any share options during the year.

The Directors' interests in share options of the company were as follows:

		Options to buy ordinary shares of 20p each	
Date of grant	Option price	At 31 March 2010	At 31 March 2009
Mr P Saxton			
1 March 2005	£0.500	**200,000**	200,000
21 September 2005	£2.020	**50,000**	50,000
25 May 2006	£1.400	**50,000**	50,000
22 March 2007	£0.500	**76,250**	76,250
31 January 2008	£0.230	**91,250**	91,250
19 February 2009	£0.440	**62,500**	62,500
1 October 2009	£0.445	**31,250**	-
25 March 2010	£0.595	**31,250**	-
Total		**592,500**	530,000

The share options were granted at market price and vest over a three year period in twelve equal quarterly instalments. Vested options will lapse unless exercised within ten years of the date of grant.

Creditor payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that there has been compliance with all trading terms. Content providers are the main suppliers to the Group. At 31 March 2010, the Group had an average of 56 days (2009: 94 days) creditors outstanding in trade payables, accruals and deferred income.

Share capital

Details of changes in the share capital of the Company during the year are given in note 7 to the financial statements.

Directors' indemnity arrangements

The Company has purchased and maintained throughout the year Directors' & Officers' liability insurance in respect of itself and its Directors.

Financial risk management objectives and policies

The Group's activities expose it to some financial risks. The Group monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks. See notes 6, 8 and 18 for further information.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest in cash assets safely and profitably. See note 20 for further information.

Credit risk

Credit risk arises from exposure to outstanding receivables. Potential new customers are assessed for credit risk before credit is given, to minimize credit exposure. See note 19 for further information.

Principal risks and uncertainties

The key business risks affecting the group are set out below:

Financial
See financial risk management and policies section above.

Technology
The Group's revenue is dependent on its technology keeping pace with developments in mobile phone technology, including volumes of data and growth in applications.

Payment Providers
The current business model is dependent on payment providers. These are therefore key trading relationships to the Group and Bango's access and revenue from the end-user is subject to influence by the payment providers.

Retention of staff
The Group's performance depends largely on its ability to recruit and retain key individuals with the right experience and skills. To ensure that the Group retains the highest calibre staff, a number of schemes have been implemented linked to the group results, including bonus and share option schemes.

Directors' report

Employment policies

The Group is committed to following the applicable employment laws in each territory in which it operates. The Group is committed to fair employment practices including the prohibition of all forms of discrimination and attempts as far as possible to give equal access and fair treatment to all employees on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others. If employees become disabled we would make reasonable effort to keep them in our employment, with appropriate training where necessary.

Health and safety policies

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public. It complies with all applicable and regulatory requirements.

Directors' responsibility

The following statement, which should be read in conjunction with both reports of the auditor set out on pages 18 and 39, is made in order to distinguish for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and separate parent company financial statements under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State that the Group financial statements comply with IFRSs as adopted by the European Union and that the parent financial statements are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- There is no relevant audit information of which the Company's auditors are unaware.
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 489 of the Companies Act 2006.

BY ORDER OF THE BOARD

Company Secretary
Mr H Goldstein

Corporate governance statement

Audit Committee

The Audit Committee comprises the Chairman and all other Non-executive Directors.

The Committee's main role and responsibilities are to:

- Monitor the integrity of the financial statements of the Group.
- Review the Group's internal financial controls and risk management systems.
- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor.
- Discussion of the nature, extent and timing of the external auditor's procedures and discussion of the external auditor's findings.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is required.
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

The Group does not currently have an internal audit function, which the Board considers appropriate for a Group of Bango's size. The Committee is scheduled to meet twice each year and at other times if necessary. The Audit Committee will review risk assessments and the need for an internal audit function on a periodic basis.

Internal control procedures

The Board is responsible for the Group's system of internal controls and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives,

- The business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the latest forecast and market expectations and presented to the Board on a timely basis.
- Regular reviews by the Board and by the senior management team of key performance indicators.
- A limited number of senior management are able to sign cheques and authorize payments. Payments are not permitted without an approved invoice.
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team.
- A disaster recovery plan and back-up system is documented and in place.

The Board in conjunction with the Audit Committee keeps under review the Group's internal control system on a periodic basis.

Communications with shareholders

The Board recognizes the importance of regular and effective communication with shareholders. The primary forms of communication are:

- The annual and interim statutory financial reports and associated investor and analyst presentations and reports.
- Announcements relating to trading or business updates released to the London Stock Exchange.
- The Annual General Meeting provides shareholders with an opportunity to meet the Board of Directors and to ask questions relating to the business.

Going concern

After making enquiries, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements and to provide reasonable, but not absolute assurance against material misstatement or loss.

The key features of the Group's internal controls are described below:

- A clearly defined organizational structure with appropriate delegation of authority.
- The approval by the Board of a one year budget, including monthly income statements, balance sheets and cash flow statements. The budget is prepared in conjunction with senior managers to ensure targets are feasible.

Remuneration Committee report

The Remuneration Committee comprises the Chairman and all other Non-executive Directors.

The Committee's main role and responsibilities are as follows:

- To review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the Group's Executive Directors.
- To review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share option schemes.
- To be responsible for reporting to the Group's shareholders in relation to remuneration policies applicable to the Group's Executive Directors.

The Committee may invite the Chief Executive Officer and Chief Finance Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Finance Officer and of other senior executives of the Group. The Chief Executive Officer is not involved in setting his own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference.

The Committee's terms of reference are reviewed and approved by the Board. These are available for inspection at the Group's registered office.

Remuneration policy

The Group's policy on remuneration is to provide a package of benefits, including salary, performance-related bonuses and share options, which reward success and individual contributions to the Group's overall performance appropriately, while avoiding paying more than is necessary for this purpose. In addition, the Remuneration Committee takes into account remuneration packages of comparable companies when making recommendations to the Board.

Performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders and accordingly are set as a significant proportion of total remuneration.

Share options

The Group considers that active participation in a share option plan is an effective means of incentivizing and retaining high quality people. Directors and employees are eligible to participate in the scheme. Further details of the option plan and outstanding options as at 31 March 2010 are given in note 7 to the financial statements.

Service agreements

The Executive Directors have service agreements with Bango PLC. The agreements include restrictive covenants which apply during employment and for a period of twelve months after termination.

The agreements can be terminated on twelve months' notice in writing by either the Company or by the Executive Director.

Non–executive Directors

The remuneration of the Non-executive Directors is determined by the Executive Directors. Their appointments can be terminated on six months' notice in writing by the Company.

Directors' emoluments

Details of remuneration in respect of the Directors is provided in note 13.

Independent auditor's report to the members of Bango PLC

We have audited the financial statements of Bango plc for the year ended 31 March 2010 which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at ww.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 March 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Bango Plc for the year ended 31 March 2010.

Alison Seekings, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
23 August 2010

Consolidated balance sheet

	Note	2010 £	2009 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	315,792	259,377
Intangible assets	5	1,163,591	352,738
		1,479,383	612,115
Current assets			
Trade and other receivables	6	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 attributable to equity holders of the parent company			
Share capital	7	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	8	4,209,383	4,804,686
Total liabilities		4,209,383	4,804,686
Total equity and liabilities		8,233,810	5,750,687

These financial statements were approved by the Directors on 23 August 2010 and are signed on their behalf by:

Mr R Anderson
Director

Mr P Saxton
Director

Company registration number 05386079

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

Consolidated income statement

	Note	2010 £	2009 £
Gross 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 payment		(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	14	1,165	13,426
Loss before taxation		(250,270)	(646,042)
Income tax	15	260,311	168,545
Profit / (loss) and total comprehensive income for the financial year		10,041	(477,497)
Attributable to equity holders of the Company		10,041	(477,497)
Earnings / (loss) per share attributable to the equity holders of the Company			
Basic earnings / (loss) per share	16	0.03	(1.72)
Diluted earnings / (loss) per share	16	0.03	(1.72)

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

Consolidated cash flow statement

	Note	2010 £	2009 £
Net cash used by operating activities	17	(51,465)	(376,069)
Cash flows generated from/used by investing activities			
Purchases 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

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Retained earnings £	Total £
Balance 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 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

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

Bango PLC ("the Company") was incorporated on 8 March 2005 in the United Kingdom. The Company is domiciled in the United Kingdom. The address of the registered office of the Company, which is also its principal place of business, is given on page 13. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The financial statements for the year ended 31 March 2010 (including the comparatives for the year ended 31 March 2009) were approved by the Board of Directors on 23 August 2010.

2 Basis of preparation

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

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. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in notes 3.17.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of the group. Every entity within the group has its own functional currency. Foreign operations are included in accordance with the policies set out in notes 3.13.

3 Principal accounting policies

The principal accounting policies applied 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 IAS1 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 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 Basis of consolidation

On 9 June 2005 Bango PLC acquired the entire issued share capital of Bango.net Limited by way of a share for share exchange. As the shareholders were the same before and after this transaction, the share for share exchange qualifies as a common control transaction and falls outside of the scope of IFRS 3, Business Combinations.

No goodwill has been recorded and the difference between the parent company's cost of investment and Bango.net Limited's share capital and share premium is presented as a merger reserve within equity on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by it after eliminating internal transactions. Control is achieved where the Group has the power to govern the financial and operating policies of a Group undertaking so as to obtain economic benefits from its activities. Undertakings' results are adjusted, where appropriate, to conform to group accounting policies.

3.2 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

3.3 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

3.4 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.

3.5 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.

Notes to the financial statements

- 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 recognized as intangible assets. Until completion of the project, these assets are subject to impairment testing only. Amortisation commences upon completion of the asset, and is shown within administrative expenses in the income statement.

3.6 Loans and receivables

a) Cash and cash equivalents

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

b) 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.

3.7 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.

3.8 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.

3.9 Operating lease agreements

Rentals applicable to operating leases where the risks and rewards or 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.

3.10 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.

Notes to the financial statements

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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. Details of the bad debt provision and trade receivables is provided in note 6.

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 (note 15).

Notes to the financial statements

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).

3.18 Standards and interpretations not yet applied by the Group

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Group's financial statements.

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Improvements to IFRSs (Issued 16 April 2009)
- Group Cash-settled Share-based Payment Transactions – Amendment to IFRS 2 (effective 1 January 2010)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)

Based on the Group's current operations and accounting policies, management does not expect material impacts on the Group's financial statements when the standards and interpretations become effective.

Notes to the financial statements

4 Segment reporting

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 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**
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. Content provider fees are the amounts paid to Bango by content providers for package fees and other services.

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**
Segment assets	3,367,338	273,976	2,109,373	5,750,687
Segment liabilities	(4,257,947)	(92,350)	(454,389)	(4,804,686)
Net assets	**(890,609)**	**181,626**	**1,654,984**	**946,001**

The Group's revenues from external customers are divided into the following geographical areas. All non-current assets are based in the UK.

Year ended 31 March 2010

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Total
	£	£	£	£	£
Segment revenue	4,397,990	606,252	20,843,390	285,477	26,133,109

Year ended 31 March 2009

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Total
	£	£	£	£	£
Segment revenue	6,782,898	635,117	9,807,272	381,889	17,607,176

Segment revenue is based on the location of the customers.

Notes to the financial statements

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 April 2008	176,679	71,859	674,682	923,220
Additions	-	-	59,748	59,748
Disposals	-	-	-	-
At 31 March 2009	176,679	71,859	734,430	982,968
Depreciation				
At 1 April 2008	74,367	47,306	483,191	604,864
Charge for the year	35,336	9,196	74,195	118,727
Depreciation on disposals	-	-	-	-
At 31 March 2009	109,703	56,502	557,386	723,591
Net book value				
At 31 March 2009	**66,976**	**15,357**	**177,044**	**259,377**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 April 2009	176,679	71,859	734,430	982,968
Additions	-	-	159,489	159,489
Disposals	-	-	-	-
At 31 March 2010	176,679	71,859	839,919	1,142,457
Depreciation				
At 1 April 2009	109,703	56,502	557,386	723,591
Charge for the year	35,336	8,790	58,948	103,074
Depreciation on disposals	-	-	-	-
At 31 March 2010	145,039	65,292	616,334	826,665
Net book value				
At 31 March 2010	**31,640**	**6,567**	**277,585**	**315,792**

Notes to the financial statements

5.2 Intangible assets

	Domain Names	Internal Development	Total
	£	£	£
Cost			
At 1 April 2008	32,887	-	32,887
Additions	-	352,471	352,471
Disposals	-	-	-
At 31 March 2009	32,887	352,471	385,358
Depreciation			
At 1 April 2008	28,537	-	28,537
Charge for the year	4,083	-	4,083
Depreciation on disposals	-	-	-
At 31 March 2009	32,620	-	32,620
Net book value			
At 31 March 2009	**267**	**352,471**	**352,738**

	Domain Names	Internal Development	Total
	£	£	£
Cost			
At 1 April 2009	32,887	352,471	385.358
Additions	-	875,740	875,740
Disposals	-	-	-
At 31 March 2010	32,887	1,228,211	1,261,098
Depreciation			
At 1 April 2009	32,620	-	32,620
Charge for the year	267	64,620	64,887
Depreciation on disposals	-	-	-
At 31 March 2010	32,887	64,620	97,507
Net book value			
At 31 March 2010	**-**	**1,163,591**	**1,163,591**

Amortisation is shown within administrative expenses in the income statement.

6 Trade and other receivables

	2010	2009
	£	£
Trade receivables	**1,145,601**	1,360,835
Other receivables	**471,804**	449,095
Prepayments and accrued income	**2,475,876**	2,581,586
Total	**4,093,281**	4,391,516
Impairment of trade and other receivables	**(74,314)**	(79,227)
	4,018,967	4,312,289

Notes to the financial statements

At 31 March 2010, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	2010 £	2009 £
Not more than one month	54,513	100,092
One to two months	38,850	80,229
Three to twelve months	126,044	63,302
More than twelve months	26,033	-
	245,440	243,623

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure.

Trade receivables from content providers consist of numerous accounts with no significant individual balances. Provision for impairment has been made where the debt is not considered likely to be recoverable, although successful recovery can take over twelve months where a debtor has agreed a payment plan with Bango.

Trade receivables from payment providers include significant individual balances from two major US mobile networks, Sprint Spectrum LP ("Sprint") and AT&T Mobility LLC ("AT&T").

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. There is no material difference between fair value and book value.

A reconciliation of bad debt provisions is provided below:

	2010 £	2009 £
Brought forward provision	79,227	50,000
Debts written off in the year	(80,464)	(81,517)
Increase in provision	75,551	110,744
Carry forward provision	74,314	79,227

7 Share capital

Authorised share capital:

	2010 £	2009 £
37,500,000 (2009: 37,500,000) ordinary shares of 20p each in Bango PLC	7,500,000	7,500,000

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	**No**	**£**
As at 1 April 2008	26,916,409	5,383,282
Issue of new shares	1,345,000	269,000
Exercise of share options	107,148	21,430
As at 31 March 2009	28,368,557	5,673,712
Issue of new shares	7,488,372	1,497,674
Exercise of share options	28,018	5,603
As at 31 March 2010	35,884,947	7,176,989

Notes to the financial statements

7 Employee share options

The Group issues share options to Directors and to employees under either an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme or an unapproved scheme. Employees resident overseas are eligible to participate in the scheme but their options do not qualify as HM Revenue and Customs approved.

The grant price for share options is equal to the average quoted market price of the Company shares on the date of grant. Options vest evenly over a period of one to three years following grant date. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited if the employee leaves the Group before the options vest.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 March 2010		Year ended 31 March 2009	
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 April 2009	67	2,902,074	68	2,727,626
Granted	51	661,157	48	375,435
Lapsed	64	(79,620)	64	(93,839)
Exercised	30	(28,018)	32	(107,148)
Expired	-	42	-	-
Outstanding at 31 March 2010	64	3,455,635	67	2,902,074
Exercisable at 31 March 2010	69	2,407,662	75	2,172,434

The weighted average share price at date of exercise of options exercised during the year was 47.55 pence (2009: 32 pence).

The fair value of options granted outstanding was determined using the Black-Scholes valuation model. Significant inputs into the model include a weighted average share price of 50.71 pence (2009: 48.75 pence) at the grant date, the exercise prices shown above, weighted average volatility of 49.3% (2009: 68.5%), dividend yield of nil, an expected option life of five years and an annual risk-free interest rate of 2.72% (2009: 3.51%).

For the two most recent share awards there was sufficient share price data for Bango plc to calculate the company's volatility.

For previous awards, where there was insufficient share price data for Bango plc, the expected volatility was calculated as follows:-

The volatility of the Group's share price on each date of grant was calculated as the average of volatilities of share prices of companies in the Peer Group on the corresponding dates. The volatility of share price of each company in the Peer Group was calculated as the average of standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2, 3, 4 and 5 years back from the date of grant. This method estimates volatility of the companies' share prices over a period commensurate with the option's expected life. Furthermore, this method is designed such that it gives proportionately more weight to recent historical returns, which are likely to reflect current volatility better due to the argument of volatility persistence.

Notes to the financial statements

At 31 March 2010, the Group had the following outstanding options and exercise prices:

		2010			2009		
		Average exercise price per share	Options	Remaining contractual life	Average exercise price per share	Options	Remaining contractual life
Expiry date		Pence	Number	Months	Pence	Number	Months
2 May	2010	50.00	60,000	1	50.00	60,000	13
19 May	2010	50.00	40,000	2	50.00	40,000	14
2 April	2012	31.00	40,000	24	31.00	40,000	36
2 May	2012	31.00	15,000	25	31.00	15,000	37
25 August	2012	31.00	40,000	29	31.00	40,000	41
24 February	2013	31.00	45,000	35	31.00	45,000	47
27 August	2013	29.00	15,000	41	29.00	35,000	53
27 February	2014	29.00	346,500	47	29.00	346,500	59
27 May	2014	31.00	40,000	50	31.00	40,000	62
27 July	2014	29.00	40,000	52	29.00	40,000	64
28 August	2014	50.00	46,000	53	50.00	46,000	65
18 February	2015	50.00	106,000	59	50.00	106,000	71
1 March	2015	50.00	230,000	59	50.00	230,000	71
22 June	2015	50.00	24,500	63	50.00	24,500	75
21 September	2015	202.00	190,000	66	202.00	190,000	78
1 March	2016	177.50	146,000	71	177.50	151,835	83
25 May	2016	140.00	210,000	74	140.00	210,000	86
9 October	2016	106.50	99,085	78	106.50	111,897	90
22 March	2017	50.00	76,250	84	50.00	76,250	96
23 March	2017	50.50	182,126	84	50.50	195,075	96
9 July	2017	-	-	-	47.00	4,000	99
19 September	2017	41.00	187,940	90	41.00	201,395	102
31 January	2018	23.00	276,027	94	23.00	287,472	106
15 October	2018	53.50	139,050	102	53.50	149,370	114
19 February	2019	44.00	204,655	107	44.00	216,780	119
19 January	2019	44.00	125,377	106	-	-	-
11 August	2019	46.50	25,000	113	-	-	-
1 October	2019	44.50	231,375	115	-	-	-
17 March	2020	59.50	274,750	120	-	-	-
At 31 March			3,455,635			2,902,074	

8 Trade and other payables

	2010 £	2009 £
Trade payables	3,921,538	4,501,921
Social security and other taxes	89,256	77,159
Accruals and deferred income	198,589	225,606
	4,209,383	4,804,686

Trade and other payables are due within one year and are non-interest bearing. There is no material difference between book value and fair value.

Notes to the financial statements

9 Commitments

The Group leases two offices under a non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	2010 £	2009 £
No later than 1 year	171,775	192,446
Later than 1 but no later than 5 years	370,771	512,017
More than 5 years	-	-
	542,546	704,463

The UK lease expires on 14 November 2013. The US office lease first expires on 31 October 2010.

10 Expenses by nature

	2010 £	2009 £
Employee benefit expense	2,156,286	2,183,945
Depreciation & amortisation	167,961	122,810
Other expenses	24,051,463	15,959,889
	26,375,710	18,266,644
Analysed as:		
Cost of sales	23,465,448	14,947,758
Administrative expenses	2,845,417	3,256,390
Share based payments	64,845	62,496
	26,375,710	18,266,644

11 Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	2010 £	2009 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	2,500	2,500
Audit of the financial statements of the Company's subsidiaries	27,500	27,500
Other services relating to tax	29,375	3,600
Other services	-	-
Operating lease expenses:		
Land and buildings	159,676	156,381
Plant and equipment	-	547
Depreciation on property, plant and equipment	103,074	118,727
Amortization of intangible assets	64,887	4,083
Research and development costs	234,840	418,161

Notes to the financial statements

12 Employee benefit expense

The average number of staff employed by the Group during the financial year amounted to:

	2010 No	2009 No
Administrative staff	5	4
Marketing staff	5	7
Sales staff	4	4
Technical staff	13	12
Executive Directors	3	3
Support staff	12	10
	42	40

The aggregate payroll costs of the above were:

	2010 £	2009 £
Wages and salaries	1,864,999	1,880,525
Social security costs	166,538	183,650
Other pension costs	59,904	57,274
Share based remuneration	64,845	62,496
	2,156,286	2,183,945

Included in the above payroll costs is £605,575 (2009 : £265,734) capitalised within internal development (note 5.2)

The Directors have identified seven (2009: six) key management personnel, including Directors. Compensation to key management is set out below:

	2010 £	2009 £
Wages and salaries	496,585	348,995
Social security costs	39,298	37,458
Pension	30,155	16,951
Share based compensation	52,753	45,673
	618,791	449,077

13 Directors

Remuneration in respect of Directors was as follows:

	2010 £	2009 £
Emoluments	268,904	254,775

2010	Wages and salaries	Pension and other benefits	Sums paid to third parties for directors services	Total
	£	£	£	£
R Anderson	43,875	-	-	43,875
A Malhotra	100,557	4,652	-	105,209
P Saxton	77,682	-	-	77,682
L Bury	26,388	-	-	26,388
M Rigby	-	-	15,750	15,750
	248,502	4,652	15,750	268,904

Notes to the financial statements

2009	Wages and salaries	Pension and other benefits	Sums paid to third parties for directors services	Total
	£	£	£	£
R Anderson	34,659	-	-	34,659
A Malhotra	100,800	4,200	-	105,000
P Saxton	80,749	-	-	80,749
L Bury		-	18,617	18,617
M Rigby	-	-	15,750	15,750
	216,208	4,200	34,367	254,775

The highest paid director received total salary of £100,557 (2009: £100,800), pension contributions of £4,652 (2009 : £4,200), and share based compensation of £nil (2009 : £nil).

The number of directors who accrued benefits under pension schemes was one (2009 : one).

The total share based compensation for directors was £8,908 (2009 : £21,627)

During the year no share options were exercised by the Directors. For details of directors shareholdings please see directors report.

14 Investment income

	2010	2009
	£	£
Bank interest receivable	1,165	13,426

15 Income tax expense

	2010	2009
	£	£
Current tax	-	-
Deferred tax	-	-
R&D tax credits received	(260,311)	(168,545)
	(260,311)	(168,545)

Income tax expense for the year differs from the standard rate of taxation as follows:

	2010	2009
Loss on ordinary activities before taxation	(250,270)	(646,042)
Loss on ordinary activities multiplied by standard rate of tax of 28% (2009: 28%)	(70,076)	(180,891)
Effect of :		
Expenses not deductible for tax purposes	(41,093)	(220,060)
Differences between capital allowances and depreciation	7,798	(1,046)
Unutilised tax losses	114,196	412,287
Other temporary differences	(10,825)	(10,290)
R&D tax credits received	(260,311)	(168,545)
Total tax	(260,311)	(168,545)

At 31 March 2010 the unutilised tax losses carried forward amounted to £11.3 million (2009: £11.7 million).

Notes to the financial statements

Unrecognized deferred tax assets:

	2010 £	2009 £
Share option scheme	118,055	19,204
Tax losses	3,171,829	3,286,103
Other temporary differences	2,212	11,615
Accelerated capital allowances	(335,920)	8,177
	2,956,176	3,325,099

No deferred tax asset has been recognized in respect of the above temporary differences due to the unpredictability of future taxable trading profits from which these differences may be deducted.

16 Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010 £	2009 £
Profit / (loss) attributable to equity holders of the Company	10,041	(477,497)
Weighted average number of ordinary shares in issue	30,113,120	27,794,361
Earnings (basic) per share	0.03	(1.72)

(b) Diluted

Diluted earnings 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) attributable to equity holders of the company	10,041	(477,497)
Weighted average number of ordinary shares as adjusted for dilutive options	32,542,820	27,794,361
Earnings (diluted) per share	0.03	(1.72)

At 31 March 2010 options over 3,455,635 (2009: 2,902,074) ordinary shares were outstanding.

There were no actual or potential share transactions occurring after the balance sheet date that would have significantly changed the number of ordinary shares or potential ordinary shares outstanding at the end of the year if those transactions had occurred before the end of the reporting period.

17 Cash generated/used by operations

	2010 £	2009 £
Profit / (loss) for the financial year	10,041	(477,497)
Depreciation and amortization	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
Decrease / (increase) in receivables	445,111	(1,805,589)
(Decrease) / 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)

Notes to the financial statements

18 Financial assets and liabilities

Financial assets included in the balance sheet relate to the following IAS 39 categories:

	2010 £	2009 £
Loans and receivables	5,608,636	4,705,070
Total financial assets	5,608,636	4,705,070

These financial assets are included in the balance sheet within the following headings:

	2010 £	2009 £
Current assets		
Trade and other receivables	2,873,176	3,878,787
Cash and cash equivalents	2,735,460	826,283
Other financial assets	-	-
Total financial assets	5,608,636	4,705,070

Financial liabilities included in the balance sheet relate to the following IAS 39 categories:

	2010 £	2009 £
Financial liabilities measured at amortized cost	3,921,538	4,501,921
Total financial liabilities	3,921,538	4,501,921

These financial liabilities are included in the balance sheet within the following headings:

	2010 £	209 £
Current liabilities		
Trade payables	3,921,538	4,501,921
Total financial liabilities	3,921,538	4,501,921

Notes to the financial statements

19 Credit risk analysis
The Group's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date, as summarized in note 18.

The Group continuously monitors defaults of customers and other counterparties, identified individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality including those that are past due. See note 6 for further information on financial assets that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

20 Liquidity risk analysis
The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly basis. Long-term liquidity needs are identified on a quarterly basis.

At 31 March 2010 the Group has contractual maturities which are summarized in Note 9 Commitments.

21 Market risk analysis

21.1 Interest risk sensitivity
The Group has no borrowings on which it is subject to interest rate risk.

21.2 Foreign currency sensitivity
Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US Dollars and Euros.

The amounts to be paid and received in a specific currency are expected to largely offset one another, so no hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows.

	2010		2009 £	
Nominal amounts	**US $**	**€**	**US $**	**€**
Financial assets	3,326,912	83,137	3,693,165	93,826
Financial liabilities	3,590,933	350,618	4,746,697	76,104
Short term exposure	(264,021)	(267,481)	(1,053,532)	17,722

Independent auditor's report to the members of Bango PLC

We have audited the parent company financial statements of Bango Plc for the year ended 31 March 2010 which comprise the company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at
www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Bango Plc for the year ended 31 March 2010.

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
23 August 2010

Company balance sheet

	Note	2010 £	2009 £
Fixed assets			
Investment in subsidiary	4	5,185,522	5,120,677
Current assets			
Debtors due within one year	5	20,559	1,012
Debtors due after one year	5	9,707,205	6,835,734
Cash at bank		-	-
		9,727,764	6,836,746
Creditors falling due within one year	6	28,828	42,904
Net current assets		9,698,936	6,793,842
Total assets less current liabilities		14,884,458	11,914,519
Capital and reserves			
Share capital	7	7,176,989	5,673,712
Share premium account	8	7,005,012	5,504,749
Other reserve	8	981,236	916,391
Retained earnings	8	(278,779)	(180,333)
Shareholders' funds		14,884,458	11,914,519

These financial statements were approved by the Directors on 23 August 2010 and are signed on their behalf by:

Mr R Anderson
Director

Mr P Saxton
Director

Company registration number 05386079

Notes to the financial statements

1 Accounting policies

Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The principal accounting policies are summarized below. They have all been applied consistently throughout the year.

Investments
Fixed asset investments are shown at cost less provision for impairment.

Share based payments
The Company 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 credited to reserves on a straight-line basis over the vesting period, together with a corresponding increase in the book value of the Company's investment in subsidiaries, based upon the Company'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.

Related party transactions
In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the company is exempt from disclosing transactions with wholly owned entities that are part of the Group headed by Bango PLC as it is a parent company publishing consolidated financial statements.

2 Profit for the year
The Company has made full use of the exemptions as permitted by Section 408(1) of the Companies Act 2006 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company loss for the year ended 31 March 2010 of £98,446 (2009: £122,307) is included in the Group result for the financial year.

The auditor's remuneration for audit and non-audit services to the Company was borne entirely by Bango.net Limited, a wholly owned subsidiary.

3 Directors and employees
Details of Directors' interests in the shares and options of the Company are provided in the Directors' report on page 14.

There are no employees employed directly by the Company.

Details of Directors' remuneration are disclosed on page 36 of the Group accounts. A charge of £4,460 (2009 : £4,436) has been recognised within the parent company's own figures relating to wages and salaries.

Notes to the financial statements

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 1 April 2009	5,120,677
Share based payments	64,845
Shares in subsidiary undertakings at 31 March 2010	5,185,522
Net book amount	
At 31 March 2010	5,185,522
At 31 March 2009	5,120,677

Details of subsidiary undertakings at 31 March 2010 are as follows:

	Country of incorporation	Class of share capital held	Held by the company	Nature of business
Bango.net Limited	England & Wales	Ordinary	100%	Development, marketing and sale of technology for mobile phone users to purchase services for their mobile phones
Bango GmbH	Germany	Ordinary	100%	Non-trading
Bango Inc	Delaware, USA	Common	100%	Sales office for Bango.net Limited services in USA

5 Debtors

	2010 £	2009 £
Amounts due from Group undertakings	9,707,205	6,835,734
Other debtors	20,559	1,012
	9,727,764	6,836,746

6 Creditors

	2010 £	2009 £
Trade creditors	10,142	15,381
Accruals and deferred income	1,300	10,137
Amounts owed to group undertakings	17,386	17,386
	28,828	42,904

Notes to the financial statements

7 Share capital

Authorised share capital:

	2010 No	2010 £	2009 No	2009 £
Ordinary shares of 20 pence each	37,500,000	7,500,000	37,500,000	7,500,000

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 1 April 2008	26,916,409	5,383,282
Issue of new shares	1,345,000	269,000
Exercise of share options	107,148	21,430
As at 31 March 2009	28,368,557	5,673,712
Issue of new shares	7,488,372	1,497,674
Exercise of share options	28,018	5,603
As at 31 March 2010	35,884,947	7,176,989

8 Reserves

	Share Premium Account £	Other reserve £	Retained Reserves £
At 1 April 2009	5,504,749	916,391	(180,333)
Issue of new shares	1,496,142	-	-
Exercise of share options	4,121	-	-
Share based payments	-	64,845	-
Loss for the year	-	-	(98,446)
At 31 March 2010	7,005,012	981,236	(278,779)