bango®

Annual Report 2012

Bango is the leading provider of mobile payment and analytics technology for businesses targeting users of internet enabled mobile devices.

Bango's unique technology and operator connections enable businesses and developers to sell digital content more effectively to mobile device users. Bango's pervasive presence across app stores, publishers and mobile operators creates a network effect for its partners, leading to more identified users and industry-leading levels of payment success each time the Bango platform is used.

Through a single integration and a focus on frictionless payment, global app stores continue to select Bango to provide complete mobile billing solutions.

Bango Analytics provides insights into how customers interact with mobile sites, providing publishers and brands with a unique understanding of user behaviour, and the tools to optimize to meet monetization goals.

Content and services are becoming digitized at an ever increasing rate and internet usage is migrating to mobile devices. Bango is a key technology provider in this evolving, fast growing and global industry.

Highlights

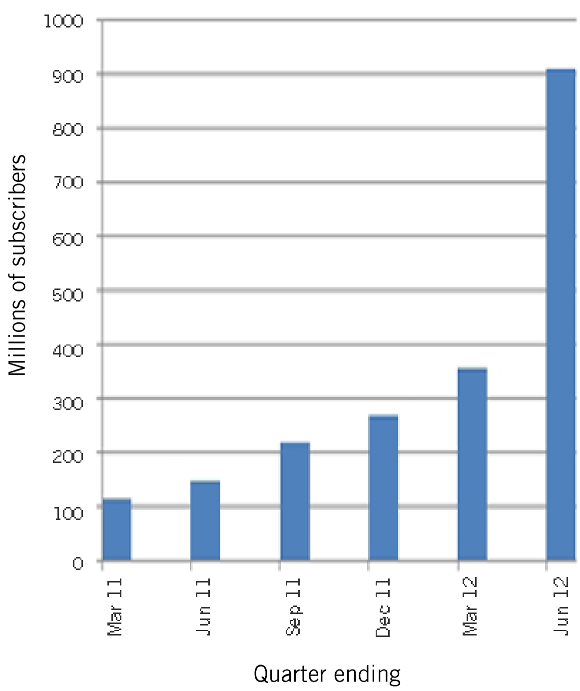
Financial highlights

- Turnover for the year of £15.6m (FY2012: £19.3m)
- Gross Profit £2.29m (FY2011: £2.49m)
- LBITDA & SBP at £0.46m (FY2011: loss of £0.40m)
- Total loss after tax £0.93m (FY2011: loss of £0.70m) reflecting increased amortization charge for previously capitalized R&D
- Cash balance of £1.79m (£2.71m at 31 March 2011)
- Raised £3m from existing shareholders in June 2012

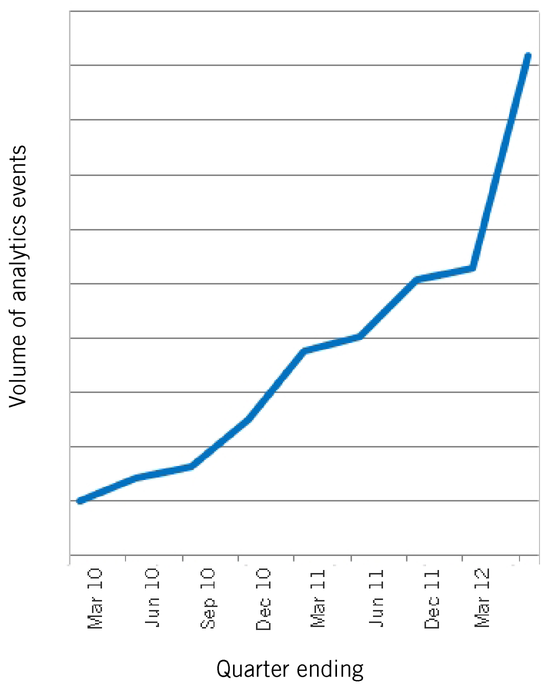
Operational highlights

- Can now directly bill more than 900 million consumers worldwide through more than 90 mobile operators
- Increased breadth of global reach to include operators in South America and Asia
- Continuing momentum with BlackBerry App World™ and Opera
- New relationships with Facebook and Amazon
- Post period relationships announced with Microsoft, Google Play and MasterCard
- Superior user experience enhanced through product development
- Powerful payments platform enhanced through increased scalability
- Bango Analytics volumes have more than doubled in 12 months
- Strengthening of the management team underway, in process of recruiting COO and CFO
- New mobile wallet integrations underway

Mobile operator billing subscriber coverage



Bango Analytics growth



Chairman’s statement

The year has been one of significant progress for Bango, in which its technology has clearly emerged as a leading platform for the collection of payments from web connected mobile device users.

The demonstration of Bango’s capabilities and reliability in powering BlackBerry App World since late 2010 meant Bango was well positioned to capture the business of other large organizations wanting to easily collect payments from mobile device users for content, apps or virtual goods.

This year saw a marked increase in interest from some of the world’s largest content companies in mobile payments and in particular in the benefits of operator billing provided via Bango. There has been a growing understanding of the way that Bango can provide them not only broad reach through operator billing, but also a superior user experience in comparison to alternatives.

This has led to agreements being announced towards the end of the financial year, and post period, with Facebook, Amazon, Microsoft and users of Google’s Android platform. These agreements provide a strong endorsement of Bango’s technology, reputation and capabilities.

Bango’s technology quickly, efficiently and safely processes the downloading of the current generation of apps, seamlessly facilitating the payments process alongside its various intricacies. There are three different models in use in the market in charging for apps; (1) during the download of an app, (2) during the use of an already downloaded app, and/or (3) for subscription based app services. Bango’s technology can be used for each of these models. In addition, Bango’s technology has been advanced so that it also works with newer HTML5 web technology which is being championed by Facebook and Google and is expected to become more important during the coming years.

Bango serves 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. The mobile application download market in particular is expected to show rapid growth, and is predicted by Gartner to reach $29.5 billion by the end of 2013, up from $4.2 billion in 2009.

To ensure that Bango can handle the levels of growth that are widely anticipated in the coming years, the Board has supported the CEO in strengthening the management team and Bango's presence in the United States, and in the investments necessary to ensure reliability and security as the business scales to meet market demand.

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

David Sear
Chairman

CEO's statement

Bango enables users to quickly and easily pay for digital content, services and virtual goods on their smartphone.

Bango has built a unique and powerful payments platform, which enables customers such as Facebook, RIM® (BlackBerry™), Amazon, Microsoft, EA Games, Gameloft and other leading companies to collect payments from more than 900 million consumers by integrating the billing systems of more than 90 mobile operators around the world into a common platform.

In addition to reducing cost and time to market, Bango is able to provide a superior user experience and thereby more sales than a business could get by a simple direct connection to one or more billing systems. This is because a Bango enabled payment process benefits from a user's previous interactions across multiple content providers. It is a true cross-industry platform.

Bango also provides automated settlement, currency and tax management, risk management and reporting systems to reliably collect payments for content providers and powerful analytics to monitor user behavior and marketing.

Bango has focused its activities on the fast growing smartphone opportunity, which now makes up a large and growing part of the overall mobile device market, as well as on developing relationships to provide the payment platform for leading app stores.

BlackBerry App World growth

Bango's first major app store customer, BlackBerry App World went live in September 2010 and is now successfully collecting payments from more than 40 mobile network operators across 34 countries. By March 2012 these connections covered mobile operators with approximately 360 million subscribers, compared with 116 million in March 2011. Dozens of additional integrations are underway covering a total of more than 900 million subscribers.

New territories include operators in South America and the first Asian operators which bring with them significant numbers of mobile users. These territories match the growth BlackBerry has reported in emerging markets.

Developing relationships: Amazon and Facebook

Agreements were signed with Amazon in December 2011 and Facebook in February 2012 and, as expected, did not generate significant revenue during the financial year to March 2012. The relationships continue to develop and management is encouraged by the progress to date. In May 2012, Facebook announced the initial availability of Bango powered services to its developers as part of an improved mobile payments flow.

The Board continues to believe that it is too early in the relationships to accurately forecast the level of business which will be generated.

New relationships with Microsoft, Google Play and MasterCard

Bango continues to explore and progress new business opportunities and shortly after the year end announced that it had entered into a number of new relationships.

An agreement was signed with Microsoft relating to Bango payment services to add to Microsoft's existing mobile payment capabilities and relationships.

A number of mobile network operators have approached Bango to use the Bango Payment Platform to connect their billing systems to the Google Play store for Android. The first such integration with Google started in May 2012.

Also in May 2012, MasterCard announced its relationship with Bango as a technology partner to support its new PayPass mobile wallet. This relationship enables Bango to quickly and easily collect payments from users with PayPass as an additional benefit of the use of the Bango platform for mobile operator and credit card billing. In the same way as a wallet holding credit cards, Bango's technology can be used to access bank credentials or pre-paid funds.

Mobile wallets are not currently widely used, but as they become more popular and are able to support more apps and web access, the Board believes that Bango is in a good position to build on this relationship. Wallet providers that integrate with Bango can achieve more rapid deployment of their services to a wide range of Bango connected digital merchants. From the merchant point of view, Bango can present a wallet if a user has it, based on previous interactions or information from the wallet provider – or otherwise promote an alternative payment method – significantly improving the user experience.

Analytics growth

Growth in transaction volumes has continued from a wide range of mobile applications and websites including NBA, CNN, Thomson Reuters and Telefónica UK. Driven by increasing deployment in mobile websites and in downloaded applications, Bango Analytics transaction volumes have more than doubled in the last year.

During the second half, Bango Analytics was enhanced by increasing the range of mobile operating systems, improving HTML5 capabilities and adding a wide range of new reporting and exporting options.

In anticipation of future increases in volumes, a project was also undertaken during the year to develop and deploy a new processing architecture that will be able to handle 10x to 100x transaction volume growth.

There are technical and commercial synergies between the Bango Analytics product and the Bango Payment Platform.

Strengthening the management team

With potential for significant growth in business from new and established customers, Bango has begun the process of recruiting a Chief Operating Officer to strengthen the management team and lead key operational functions currently reporting to the CEO or CFO. This is expected to strengthen

Bango's capability to continue to deliver the high levels of service expected by our industry leading customers and partners as the business grows – especially in the USA. It will also assist Bango to further commercialize the opportunities that are now arising.

Board changes

It was announced in the update on 21 May 2012 that following Peter Saxton's many years of service as Chief Financial Officer to Bango, he has notified the Board of his wish to retire. A schedule has been agreed to ensure an orderly hand-over to a new Chief Financial Officer, who we are currently actively recruiting. The process is expected to be completed by November 2012 and details of the successful candidate will be announced in due course.

Product development

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

(1) Operational scalability in the payment network

With increasing numbers of mobile operators connecting to Bango, the technology used to manage risk and ensure transactions can be processed in volume at very low cost has been developed significantly over the year.

In addition, the tools and frameworks used to technically integrate with new mobile operator payment systems have been re-designed to reduce the time and cost. Around 50 new direct billing systems were integrated over the year, bringing the total number of direct integrations to around 100. Bango wants to ensure that the pace of integrations can double in the coming year and double again in the following year to cover 400+ mobile network operators; providing coverage of the vast majority of the world's smartphone users for our customers.

(2) New Bango Payment and Analytics services

New services include further improvements in the unique Bango technology to identify and authenticate mobile device users. A patent has been filed by Bango relating to one of Bango's significant innovations which is likely to be used in the work with Facebook as well as for future customers.

Based on Bango's innovative identity model, a unique new method for measuring the effectiveness of mobile advertising in driving mobile app downloads was developed during the year. This is in particular generating significant new customer interest.

A range of new reports and export tools were developed and delivered to customers during the year to provide further value on top of the core functionality.

(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 new large scale customers to securely extract accurate financial data without manual involvement within Bango.

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

Key Performance Indicators

Bango monitors the number of mobile subscribers which can pay using direct mobile operator billing systems connected to the Bango platform, as shown on page 2.

Bango has also started monitoring the number of users for which "billing grade identities" have been collected within the Bango platform, as this information is important in enabling Bango to provide click to pay conversion rates higher than competitive approaches. On March 31st 2012 this value was 155m.

Bango also monitors the volume and value of payments made though the platform, and in particular the growth of payments from smartphone users which is the main market going forward. Due to customer confidentiality the company is not at this stage reporting these numbers externally. However, there was very significant year on year growth of this traffic as a result mostly of the deployment of Blackberry App World mobile operator billing to multiple new countries.

The gross profit margin on collection of payments from end users is an important indicator of the value Bango provides to its customers and has an impact on profitability. This figure was 3.7% for the year, the same as the previous year.

Financial performance

Results for the year do not include any material income from the agreements signed with Amazon and Facebook, but do include costs relating to the establishment of these relationships.

Bango has expanded its presentation of revenue to disclose gross income from end user activity and fees, which are reported as turnover and then separately discloses the amount attributable to content providers.

Turnover in FY2012 totaled £15.59m compared with £19.32m in the previous year, reflecting a decrease in low margin revenue from end user spend.

Gross income from end user activity reduced by 21% to £13.81m (FY 2011: £17.46m), mainly as a result of reduced marketing activity by content providers in the USA. This resulted in a decrease in end user gross profit to £0.51m (FY 2011: £0.64m).

Other fees generated revenues of £1.78m, showing a small reduction of £0.07m compared with the previous year, and gross profit of £1.78m (FY 2011: £1.86m).

As a result, gross profit totaled £2.29m compared with £2.49m in the previous year.

Administrative costs, before depreciation, amortization and the cost of share based payments, totaled £2.75m for the year (FY 2011: £2.90m), with a £0.3m reduction in salary costs related to the feature phone business being partially offset by an increase in costs associated with the establishment of the Amazon and Facebook relationships. This resulted in an adjusted EBITDA loss of £0.46m (FY 2011: £0.40m).

The charge for depreciation and amortization increased to £0.51m (FY 2011: £0.32m) as more of the previously capitalized R&D came into use during the year. The cost of share-based payments increased slightly to £0.14m (FY 2011: £0.12m), resulting in an operating loss of £1.11m compared with £0.84m in the previous year.

The loss after tax totaled £0.93m compared with £0.70m in the previous year. As a result of writing-off a claim against a third party which has resulted in a loss to Bango of about £63k; both the EBITDA loss and loss after tax have been affected.

During the year the operations of the group generated cash of £0.12m compared with a consumption of £1.23m in the previous year. £1.11m was invested in capitalized R&D compared with £1.03m in the previous year and overall cash balances reduced to £1.8m (FY 2011: £2.7m).

Raising of additional capital

At 31 March 2012 Bango had cash balances of £1.79m (2011: £2.71m). In June 2012 Bango placed 2,355,000 new ordinary shares at market price (representing 5% of the Company) with existing investors, raising £3m net of expenses. The additional capital was raised in order to increase the investment resources available at this critical time in Bango's development, so that the pipeline of existing and future strategic relationships can be developed to their full potential.

Financial reporting periods

As already announced, Bango is aligning its fiscal year end to the calendar year. As a result, following the release of this set of results (for the twelve month period ending 31 March 2012), Bango will report on a nine-month trading period, from 1 April 2012 to 31 December 2012, by 31 March 2013. There will be no interim report produced for the period ending 30 September 2012.

Strategy and outlook

It has been a pivotal year in Bango's development and it has been encouraging to have formed relationships with several industry leaders during the year. Bango's strategy is to leverage its central position as a payments network in the smartphone marketplace and the Board believes it is well positioned with its unique and proven technology to benefit from the increased level of business activity in this space.

Bango's competitively advanced platform is the result of considerable technical and commercial investment made over several years. Furthermore, following recently completed development work, the platform is capable of handling significant volumes of transactions.

Bango expects to see continued turnover growth in both end user activity and other fees, driven by an increasing number of content providers and a growing volume of transactions from existing content providers. The increasing geographical coverage delivered by new mobile operator integrations enables content providers with Bango to grow into these new markets. As is the nature of any platform, increased traction increases the inherent value and further solidifies our central positioning within the smartphone marketplace.

Bango continues to support RIM to drive the success of BlackBerry App World. Enabling success for thousands of BlackBerry app developers brings many benefits to RIM, mobile operators and Bango. In addition Bango is encouraged by the adoption of its technology by Facebook to support Android, iPhone and other platforms, as well as by the progress made with Amazon, Microsoft, and Google.

Bango will also continue to work to grow the use of its analytics product, which not only provides high value to customers but is also highly synergistic with the payments platform.

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

Bango's technology, expertise and key partnerships help leading app stores, brands and content owners run successful mobile businesses. The Bango mobile billing and analytics solutions enable them to sell more mobile content and accurately measure their mobile websites, apps and marketing campaigns for critical business insights. Bango's customers include Thomson Reuters, Facebook, Amazon, RIM, Telefónica UK and Opera. Here are some of the Bango success stories.

Facebook

Facebook uses Bango technology to provide an enhanced, 'made for mobile' commerce experience. This enables Facebook's mobile users to easily purchase digital content using extremely low friction operator billing without resorting to SMS messaging or being limited to credit cards only.

Facebook's rapid rise into mobile now sees them with more than 400 million mobile users. Facebook's mobile website, increasingly delivering an app-like experience in HTML5, is by far the largest mobile interface Facebook supports, bigger than Android and iOS combined.

Amazon

In many of the categories for which Amazon has become the 'go to' online retailer, there has been a transformation from physical goods to digital formats in recent years. Amazon sells as many ebooks in North America as printed books, and offers MP3 music, streamed video and games. Two years ago the company launched a branded, Amazon-managed mobile applications store. Customers can download the store software directly from Amazon and run it on any Android smartphone.

In December 2011, Bango and Amazon announced a partnership agreement reflecting the importance of the mobile user experience for global web businesses.

Research In Motion (RIM)

Bango enables BlackBerry App World customers to pay for apps directly on their mobile phone bill. Bango provides all operator billing for the smartphone store, using the Bango mobile payments platform to activate new connections in BlackBerry markets worldwide.

Bango continues to help RIM expand its billing coverage into emerging markets in Asia Pacific and Latin America where smartphone uptake is growing and operator billing is the main customer option.

Google Play

Bango gives operators the ability to activate operator billing in the Google Play mobile content store. Operator billing then becomes part of the Google Checkout payment flow for all downloads and in-app purchases.

Google Play (formerly Android Market) is the content ecosystem pre-configured with Google's Android mobile operating system, which is the most widely installed mobile platform across many different device makes. By mid-2012 Google reported monthly downloads of 1.5 billion apps.

Windows Phone Marketplace

Microsoft's Windows Phone operating system is delivered on Samsung, HTC and Nokia smartphones. Providing a state of the art user experience, the platform showcases rich media experiences on the phone, offering music, games, mapping services and a marketplace containing tens of thousands of apps.

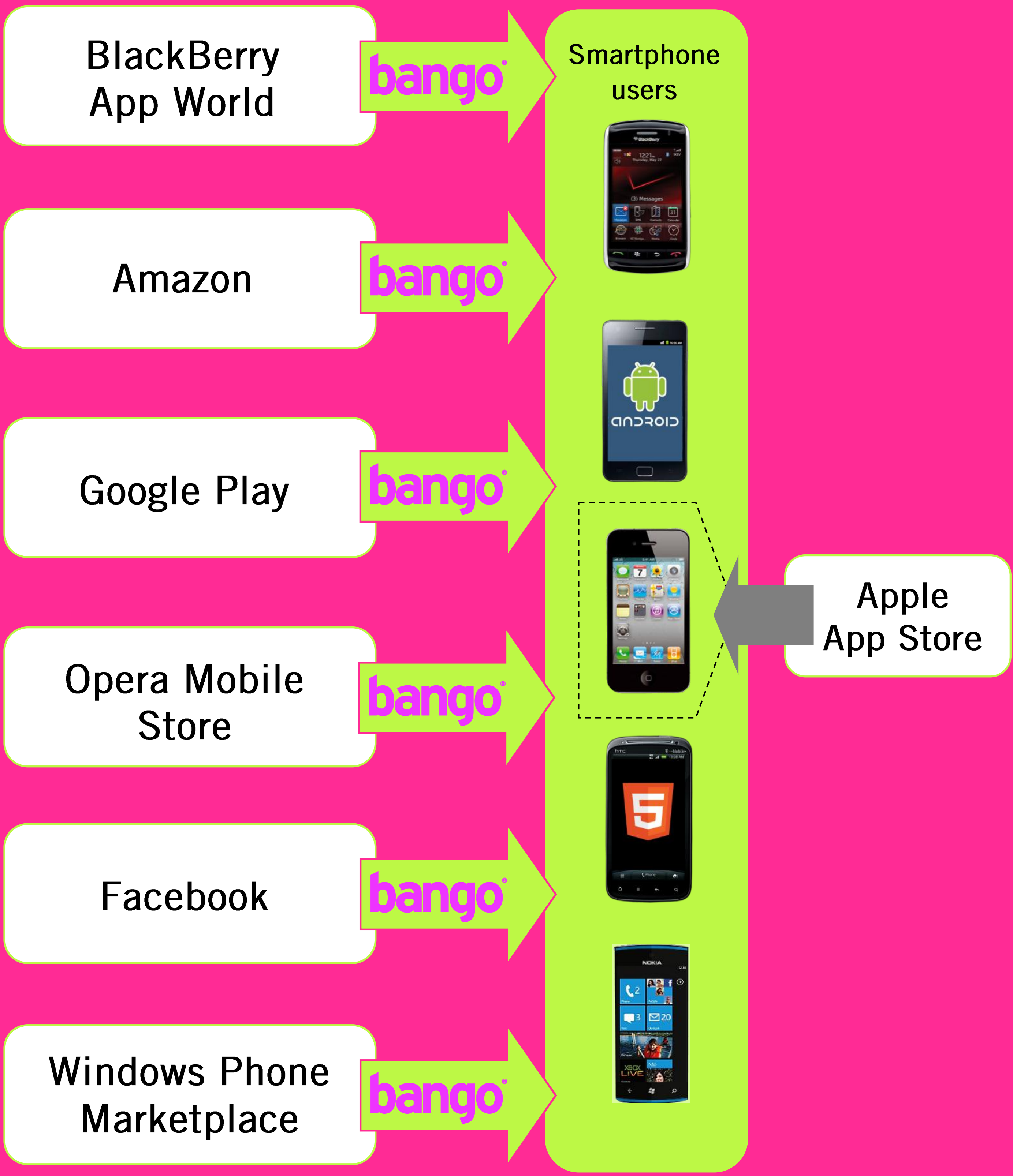
Microsoft and Bango entered into an agreement in April 2012 to provide operator billing for users of Windows Phone Marketplace.

Opera

Bango enables Opera Mobile Store customers to purchase apps and pay for content within apps on their mobile phone bill or through a credit card. Bango delivers the optimal payment experience for each individual customer, maximizing revenues for developers.

The Opera Mobile Store is one of the top ten app stores for mobile phone users today. This browser based app store is accessible to a wide range of users through the Opera Mini or Opera Mobile browsers and by going to mobilestore.opera.com through any other browser.

Powering the leaders



Products

Bango delivers direct operator billing and mobile-first analytics for app stores, major brands and developers.

Bango Payment provides major app stores and merchants with high quality, direct billing connections to mobile operators around the world. It delivers everything from simple pay-to-download and in-app billing to advanced subscription services.

Bango delivers more one-click mobile payments than standard billing solutions. Unique user identification technology analyzes hundreds of millions of customers visiting and paying on thousands of merchant stores, allowing Bango to automatically identify and authenticate customers for operator billing as they visit new stores and merchants, even over Wi-Fi.

Bango manages all the merchant of record, taxation and settlement complexities, handles large-scale developer on-boarding and mass out payment of earnings.

Detailed real-time reporting delivers clear understanding of payments, refunds, customer behavour and loyalty.

Bango Payment provides mobile network operators with the fastest and most cost effective way to grow billing revenues across major app stores and merchants. One efficient Bango relationship takes care of all the technical integration, maintenance and on-going upgrades between the operator billing platform and all the app stores and merchants.

Bango delivers more one-click payments than an operator can achieve with their own direct connection to each app store.

Bango Analytics provides major brands, publishers, broadcasters, operators, stores and developers with customer centric insights across their customer's entire journey – from marketing campaign clicks, through app, website or store navigation to specific goals, such as payments or downloads.

Bango Analytics is a mobile-first solution designed for today's complex world of smartphones, tablets, smart TV, mobile internet, Wi-Fi and cloud computing, as well as traditional PCs.

Bango leverages unique relationships with mobile operators, device manufacturers and browser developers to deliver accuracy and insights not possible with traditional desktop-centric solutions. Real-time, ad-hoc reporting, advanced segmentation and APIs makes it easy to get to the important facts you need, in the way you want them.

Business model

Bango Payment enables major app stores and merchants (content providers) to sell digital goods and services to their customers using mobile operator billing, credit / debit cards and other online mechanisms (payment providers).

Bango processes payments and collects earnings from each payment provider, less their variable costs (~5% to 25%). Bango takes care of required tax and currency conversions, based on the content provider and customer country.

Bango retains an agreed fee for processing each payment. On average 2% is retained for high volume customers, while 5% is retained at lower volumes. Currency conversion fees may apply. Fixed percentages are not charged per transaction.

Bango pays the remaining money to the content provider according to an agreed schedule.

Optionally, a content provider may ask Bango to manage and pay earnings to their individual developers; this includes BlackBerry App World for example. Developers traditionally receive 70% of the price paid in this model and the remaining percentage is paid to the content provider. Bango charges an additional fee to setup, manage and pay developers.

Bango charges monthly fees for platform functionality and support. These fees vary according to the range and flexibility of service required. Custom integrations and consultancy are priced according to customer requirements.

Bango Analytics customers pay a monthly fee based on the volume of data being recorded, stored and analyzed. Fees for advanced functionality and user accounts are also applied.

Bango Analytics is designed for enterprise accounts, with fees starting from £2,000 ($3,000) per month based on data volumes and specific requirements. Services are traditionally purchased on a recurring monthly basis, typically with a 12 or 24 month minimum.

Key market developments

The battle to establish standards continues to grow as smartphone sales overtake feature phones for the first time. Companies look to partner, consolidate and simplify in an attempt to remain competitive as the market accelerates.

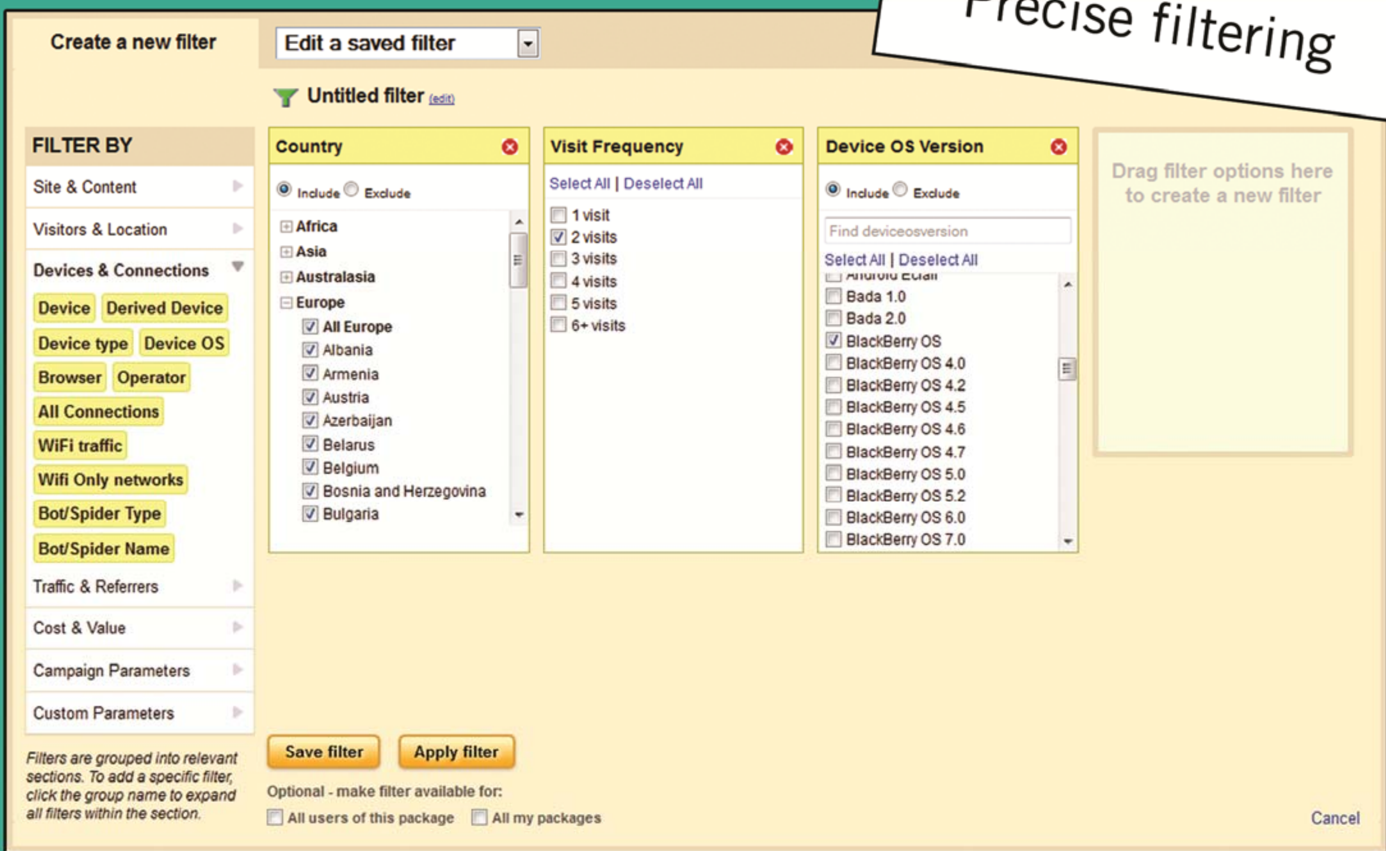
There are now more than 6 billion mobile subscribers (GSMA), equating to 87% of the world population (mobiThinking). 54.9% of US mobile subscribers owned smartphones in June 2012 (Nielsen), with 31% of them using their phone to go online, rather than a PC or other device. Mobile overtook computers as the most popular device for getting online in China, a trend that is quickly spreading around the world.

Significant developments include:

- 59% of smartphones worldwide run Google Android, Apple accounts for 23% and Symbian 6.8% (IDC)
- RIM BlackBerry accounts for 6.4% of smartphones worldwide, down from 13.6% last year (IDC)
- Facebook announced a smartphone centric strategy focused on HTML5, app discovery and monetization. Other leading brands also adopted HTML 5 to allow delivery of services outside traditional Apple restrictions
- Developers continue to adopt independent app stores like Amazon, offering cross-platform channels to market with better monetization than manufacturers can provide
- Lower sales saw Nokia lose their top position to Samsung this summer. The release of Windows Phone 8 later this year should kick start new Nokia device sales
- Continued growth of paid mobile content as more questions are asked of ad-funded business models
- The number of mobile-connected tablets tripled, exceeding 34 million. Microsoft Windows 8 and Surface tablets will further grow tablet adoption

Facebook mobile payments operator billing payment flow

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 20 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

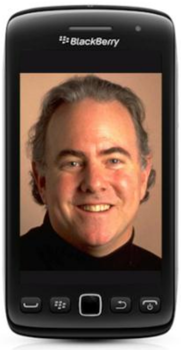
Peter provides the financial leadership, direction and policy guidance to the Company as it continues to grow rapidly. He has over 25 years experience in all financial disciplines including accounting, fund-raising and acquisitions. From 1996 to 2001 he was Finance Director at PayPoint, the UK’s leading 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.

David Sear
Non-executive Director

David is also Chairman of Semafone, a technology company devoted to the security of voice based card payments. Prior to June 2012 he was Divisional Managing Director at Travelex for two substantial divisions of the group over a six year period leading up to the sale of the Global Business Payments division to Western Union in 2011. David joined Travelex in March 2006 from Voca Ltd (previously BACS), where he helped to transform the company at the center 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.

Martin Rigby
Non-executive Director

Martin Rigby is Founder and Managing Director of ET Capital Limited, a venture fund manager that has invested in the Company. He has been a venture capital investor for over 25 years, making and managing investment in innovative technology businesses, principally in network services, software and hardware. Martin is an independent director of several UK early stage venture funds.



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. Rudy 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.

Company information

Company registration number	05386079
Registered office	5 Westbrook Centre Milton Road Cambridge CB4 1YG Tel: +44 1223 472 777 Fax: +44 1223 472 778
Directors	Mr D Sear - 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	Mills & Reeve LLP Francis House, 112 Hills Road Cambridge CB2 1PH
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Registered Auditors 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Nominated adviser and broker	Cenkos Securities Ltd 6.7.8 Tokenhouse Yard London EC2R 7AS
Public relations advisor	Newgate Threadneedle 3rd Floor, Aldermary House 10-15 Queen Street London EC4N 1TX
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Directors' report

The Directors present the Annual Report and audited financial statements of Bango PLC for the year ended 31 March 2012.

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 worldwide 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 2012 and future developments is contained in the Chairman's statement and the CEO's statement on pages 3 to 6. The key financial performance indicators are gross profit, net profit and cash balances.

The Directors have reviewed the appropriateness of adopted accounting policies, with particular focus on revenue recognition in compliance with IAS 18. After taking account of the variety of processes adopted by payment providers, together with the range of contractual arrangements in place with content providers and the terms and conditions operated with end users, the Directors have amended the presentation of income to disclose a gross turnover amount and separately the amount attributable to content providers in respect of those transactions.

Key performance indicators

Key performance indicators are used to control and measure financial and operational performance and reviewed to ensure that plans are achieved and corrective action taken where necessary.

Relationships with content providers are fundamental to the Bango business model. During the year, the number of active content provider relationships for payment and/or analytics services showed an encouraging increase from about 1,400 to about 1,700 mainly as a result of activity within BlackBerry App World.

Analytics events grew during the year and by March 2012 had more than doubled compared with the level one year before.

A review of product development, financial performance and strategy and outlook is contained in the CEO's statement on pages 4, 5 and 6, which includes further commentary on the above key performance indicators.

Going concern

The Group had cash of £1.79m at 31 March 2012 (2011 : £2.71m) and no debt. Significant investment in technology development continues to be made. The company raised £3m net of expenses in June 2012 to support the ongoing development. Based on new monies raised and the cashflow forecasts of the Company which anticipate increased cash generation from trading operations the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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 2012	Ordinary shares of 20p each At 31 March 2011
Mr D Sear	-	-
Mr R Anderson	6,624,036	6,624,036
Mr A Malhotra	4,027,000	4,027,000
Mr P Saxton	225,000	225,000
Mr M Rigby	17,334	17,934
Dr R Burger	-	-

Lindsay Bury resigned as a Director on 31 May 2011. The Directors did not exercise any share options during the year.

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

Date of grant	Option price	At 31 March 2012	At 31 March 2011
		Options to buy ordinary shares of 20p each	
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	31,250
25 March 2010	£0.595	31,250	31,250
10 December 2010	£1.315	31,250	31,250
17 March 2011	£0.825	31,250	31,250
9 September 2011	£0.820	31,250	-
23 March 2012	£1.425	32,500	-
Total		718,750	655,000
Mr D Sear			
7 February 2011	£1.530	100,000	100,000

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 2012, the Group had an average of 62 days (2011: 46 days) creditors outstanding in trade payables, accruals and deferred income. The average days for the company was 69 (2011: 37).

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.

Directors' report

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, 19 and 21 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

Currency risk

Overseas currency sales are largely offset by costs in the same currency and hence exposure to currency risk and impact on margin is considered relatively small. See note 21 for further information. The group manages its foreign exchange exposure on a net basis. No forward exchange or other such financial instruments have been used in the period.

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. The Group manages this risk by a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood.

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 turnover from the end user is subject to influence by the payment providers. The Group manages access risk by investment in relationships and regular dialogue with payment providers and content providers who are actual or potential users of those payment providers. The Group manages payment risk by undertaking regular credit risk analysis using third parties combined with other sources of market intelligence, together with monitoring of payment performance.

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.

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 19 and 40, 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare separate parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and 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 accounting estimates that are reasonable and prudent.
- State whether applicable IFRS and UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each Director is 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.

Directors’ report

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 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.
- 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. The Directors expect the current level of investing activities to continue which are supported by the new funding secured by the placement in June 2012 but expect to see a substantial reduction in the net cash used by operating activities as gross profit increases as a result of activity with major new customers. For these reasons, 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.

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 2012 are given in note 7 to the financial statements.

Service agreements

The Executive Directors have service agreements with Bango.net Ltd. 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 group financial statements of Bango PLC for the year ended 31 March 2012 which comprise the consolidated balance sheet, the consolidated statement of comprehensive income, 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 their preparation 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 group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group 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/private.cfm

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 group financial statements are prepared is consistent with the group 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 2012.

Alison Seekings, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
3 August 2012

Consolidated balance sheet

	Note	2012 £	2011 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	319,381	240,620
Intangible assets	5	2,797,246	2,030,918
		3,116,627	2,271,538
Current assets			
Trade and other receivables	6	3,267,023	3,354,033
Cash and cash equivalents		1,794,164	2,713,226
		5,061,187	6,067,259
Total assets		8,177,814	8,338,797
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	7,733,465	7,580,482
Share premium account		9,095,525	8,917,009
Merger reserve		1,236,225	1,236,225
Other reserve		1,241,158	1,098,802
Accumulated losses		(14,003,836)	(13,071,120)
Total equity		5,302,537	5,761,398
LIABILITIES			
Current liabilities			
Trade and other payables	8	2,875,277	2,577,399
Total liabilities		2,875,277	2,577,399
Total equity and liabilities		8,177,814	8,338,797

These financial statements were approved by the Directors on 3 August 2012 and are signed on their behalf by:

Mr R Anderson
Director

Mr P Saxton
Director

Company registration number 05386079

The notes on pages 24 to 39 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	2012 £	2011 £
Turnover	4	15,594,589	19,324,857
Attributable to content providers		(8,653,899)	(10,194,357)
		6,940,690	9,130,500
Cost of sales – payment providers		(4,651,676)	(6,635,517)
Gross profit		2,289,014	2,494,983
Administrative expenses before share based payment		(3,259,457)	(3,215,195)
Share based payments		(142,356)	(117,566)
Total administrative expenses		(3,401,813)	(3,332,761)
Operating loss		(1,112,799)	(837,778)
Interest payable		-	(103)
Investment income	14	469	516
Loss before taxation		(1,112,330)	(837,365)
Income tax	15	179,614	141,280
Loss and total comprehensive loss for the financial year		(932,716)	(696,085)
Attributable to equity holders of the parent		(932,716)	(696,085)
Earnings / (loss) per share attributable to the equity holders of the parent			
Basic earnings / (loss) per share	16	(2.43)p	(1.90)p
Diluted earnings / (loss) per share	16	(2.43)p	(1.90)p

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

Consolidated cash flow statement

	Note	2012 £	2011 £
Net cash generated / (used) by operating activities	17	122,880	(1,228,970)
Cash flows used by investing activities			
Purchases of property, plant and equipment		(248,069)	(77,767)
Addition to intangible assets		(1,107,083)	(1,031,400)
Interest received		469	516
Net cash generated from / used by investing activities		(1,354,683)	(1,108,651)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		331,499	2,315,490
Interest payable		-	(103)
Net cash generated from financing activities		331,499	2,315,387
Net decrease in cash and cash equivalents		(900,304)	(22,234)
Cash and cash equivalents at beginning of year		2,713,226	2,735,460
Exchange differences on cash and cash equivalents		(18,758)	-
		2,694,468	2,735,460
Cash and cash equivalents at end of year		1,794,164	2,713,226

The notes on pages 24 to 39 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 2010	7,176,989	7,005,012	1,236,225	981,236	(12,375,035)	4,024,427
Share based payments	-	-	-	117,566	-	117,566
Exercise of share options	43,649	39,547	-	-	-	83,196
Issue of shares	359,844	1,872,450	-	-	-	2,232,294
Transactions with owners	7,580,482	8,917,009	1,236,225	1,098,802	(12,375,035)	6,457,483
Loss for the period	-	-	-	-	(696,085)	(696,085)
Total comprehensive income for the period	-	-	-	-	(696,085)	(696,085)
Balance at 31 March 2011	7,580,482	8,917,009	1,236,225	1,098,802	(13,071,120)	5,761,398
Balance at 1 April 2011	7,580,482	8,917,009	1,236,225	1,098,802	(13,071,120)	5,761,398
Share based payments	-	-	-	142,356	-	142,356
Exercise of share options	152,983	178,516	-	-	-	331,499
Issue of shares	-	-	-	-	-	-
Transactions with owners	7,733,465	9,095,525	1,236,225	1,241,158	(13,071,120)	6,235,253
Loss for the period	-	-	-	-	(932,716)	(932,716)
Total comprehensive income for the period	-	-	-	-	(932,716)	(932,716)
Balance at 31 March 2012	7,733,465	9,095,525	1,236,225	1,241,158	(14,003,836)	5,302,537

The notes on pages 24 to 39 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 2012 (including the comparatives for the year ended 31 March 2011) were approved by the Board of Directors on 23 July 2012.

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 note 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. The US subsidiary performs a sales and support function for services provided by Bango.net Limited. Due to the nature and set up of the US operation as a support center for the UK, the functional currency of Bango Inc has to date been considered to be sterling. Foreign operations are included in accordance with the policies set out in notes 3.13.

New accounting standards and interpretations are effective for the first time in the current period but have no impact on the results or the financial position of the Group. Furthermore, new standards, new interpretations and amendments to standards and interpretations that have been issued, but are not effective for the current period, have not been adopted early.

3 Principal accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The presentation of revenue has been amended as set out in 3.10 below to provide a more detailed analysis of the income and expenditure flows associated with end user activity due to the significant judgement as to the role of Bango as principal or agent in providing content to end users. No additional balance sheet (for 2010) is included as the balance sheet is unchanged from that previously presented.

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

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

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

The cost of an internally generated intangible asset comprises all direct attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on the project development. These costs are recognized as intangible assets. Development costs previously recognized as an expense are not included in the amount

Notes to the financial statements

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

3.5 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 individual intangible assets for any indication that those assets have suffered an impairment loss. Until completion of the development project, when amortization 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.

3.6 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 profit or loss.

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 discounted at the original effective interest rate.

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 recognized outside profit or loss. Tax relating to items recognized in other comprehensive income is recognized in other comprehensive income, and tax relating to items recognized directly in equity is recognized directly in 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, when it is recognized in other comprehensive income. Deferred tax relating to items recognized directly in equity is recognized directly in equity.

3.9 Operating lease agreements

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

3.10 Revenue recognition

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

3.10.1 End user activity

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

Revenue is recognized as turnover at the time at which end users access chargeable mobile internet content.

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

3.10.2 Judgements on end user activity

When applying the revenue recognition policy consideration is given to whether Bango acts as principal or agent in providing content to the end user.

The nature of Bango's business is that it facilitates a large volume of transactions in which content developed by a range of content providers is delivered to end users, payment for which is made via a number of potential payment routes.

The assessment as to whether Bango is principal or agent in the supply of content to an end user is highly judgemental and in most cases, gives rise to mixed indicators under IAS 18. This is because the terms and conditions between the numerous transacting parties vary significantly, giving rise to many dissimilar configurations of risk and rewards attributable to Bango.

Notes to the financial statements

Risks and rewards typically include, to varying degrees, content provider rate card price variance; payment provider refund risk; end user credit risk; foreign currency exposure and dormant balance returns.

In view of the volume and variety of transactions in question, management consider that it is not practicable to assess Bango's role in each individual transaction as principal or agent.

Also, management do not consider accounting as either principal or agent for all transactions faithfully presents Bango's role in these transactions. Presentation simply as agent would not adequately communicate the exposure to the risks and rewards associated with all transactions. Conversely, if Bango presented itself as principal, this may overstate the risks and rewards to which Bango is exposed.

On the grounds that the presentation of a single revenue number would be arbitrary, management has judged that the most useful information to present to a user would be a 'gross' turnover amount representing the total transaction amount and separately, the amount attributable to content providers in respect of those transactions. If Bango were entirely principal, revenue would be turnover, if Bango were entirely agent, revenue would be the net amount.

3.10.3 Other fees

Other fees includes revenue from the sale of access licences to content providers and is recognized evenly over the period of the contract since the services are provided evenly over this period.

Other fees also includes revenue from service contracts and is recognized in the financial statements over the period of the contract.

Other fees also includes revenue from services provided to mobile phone operators and content providers and is recognized in the financial statements over the period of the contract in proportion to the element of the services provided at the balance sheet date.

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 behavioral considerations.

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

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 statement of comprehensive income. Additional information is provided in note 7.

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 profit or loss for the period.

3.14 Segment reporting

In identifying its operating segments, management recognize two service lines – the provision of a mobile payment platform allowing end users to purchase content, and the provision of services, including licence fees and analytics technology to provide accurate information about users, to content providers and other organisations. The turnover and margin generated from each of these segments is separately reported but where costs and assets are managed and utilized on a group basis, these are not allocated to a segment.

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 profit or loss. 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.

Notes to the financial statements

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

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.

Retained earnings
Retained earnings include all current and prior period retained profits.

3.17 Significant accounting estimates and judgements

Revenue recognition
As discussed in policy note 3.10 there are a number of key judgements taken by management in determining the most appropriate presentation of revenues generated from services to end users. Income has been reported gross with the separate disclosure of amounts attributable to content providers. As set out in 3.10.2, due to the variety and complexity of transactions, presentation of revenue as simply principal or agent does not adequately communicate the role of Bango in the transactions.

Trade receivables
Trade receivables are stated net of an impairment 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 recognized due to the unpredictability of future taxable trading profits from which these differences may be deducted (note 15).

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 and therefore impairment reviews are completed by project each balance sheet date. The carrying value of capitalized development costs is £2,797,246 (2011 : £2,030,918).

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 10 Consolidated financial statements (effective 1 January 2013)

IAS 27 (Revised) Separate Financial Statements (effective 1 January 2013)

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)

Notes to the financial statements

4 Segment reporting

(a) The Group identifies two operating segments. Management reporting is based principally on the type of customer and strategic decisions are made on the basis of the gross profit generated from each segment. The segments are not separately managed and therefore the Group's headquarters and its research and development activity are considered group operations and are not allocated to any operating segment. No segment net profit analysis is therefore provided. Segment information can be analyzed as follows for the reporting periods under review.

Year ended 31 March 2012

	End user activity	Other fees	Group	Total
	£	£	£	£
Segment turnover	13,811,690	1,782,899	-	15,594,589
Attributable to content providers	(8,653,899)	-	-	(8,653,899)
Cost of sales – payment providers	(4,651,676)	-	-	(4,651,676)
Segment gross profit	**506,115**	**1,782,899**	**-**	**2,289,014**
Segment assets	1,756,717	422,750	5,998,347	8,177,814
Segment liabilities	(2,069,479)	(85,491)	(720,307)	(2,875,277)
Net assets	(312,762)	337,259	5,278,040	5,302,537

Year ended 31 March 2011

	End user activity	Other fees	Group	Total
	£	£	£	£
Segment turnover	17,461,790	1,863,067	-	19,324,857
Attributable to content providers	(10,194,357)	-	-	(10,194,357)
Cost of sales – payment providers	(6,635,517)	-	-	(6,635,517)
Segment gross profit	**631,916**	**1,863,067**	**-**	**2,494,983**
Segment assets	2,095,037	508,221	5,735,539	8,338,797
Segment liabilities	(2,136,865)	(35,116)	(405,418)	(2,577,399)
Net assets	(41,828)	473,105	5,330,121	5,761,398

Gross turnover from end user activity is the content access fees paid by end users for accessing chargeable content provided by content providers. Gross profit for this segment is after both content provider and payment provider charges. Assets for this segment are amounts due from payment providers. Liabilities for this segment are mainly fees payable to payment providers for provision of services and fees payable to content providers for provision of content sold by Bango to end users.

Other fees are the amounts paid to Bango by content providers and others for package fees and other services including analytics and operator connections. Assets for this segment are amounts due for package fees and other services. Liabilities for this segment represent deferred income for package fees.

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

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

	2012	2011
	£	£
United Kingdom (country of domicile)	2,583,033	3,185,826
EU	829,634	452,077
USA and Canada	11,799,185	15,120,714
Rest of World	382,737	566,240
	15,594,589	19,324,857

Segment turnover 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 2010	176,679	71,859	893,919	1,142,457
Additions	14,243	11,756	51,768	77,767
At 31 March 2011	190,922	83,615	945,687	1,220,224
Depreciation				
At 1 April 2010	145,039	65,292	616,334	826,665
Charge for the year	28,846	7,951	116,142	152,939
At 31 March 2011	173,885	73,243	732,476	979,604
Net book value				
At 31 March 2011	**17,037**	**10,372**	**213,211**	**240,620**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 April 2011	190,922	83,615	945,687	1,220,224
Additions	-	29,796	218,273	248,069
At 31 March 2012	190,922	113,411	1,163,960	1,468,293
Depreciation				
At 1 April 2011	173,885	73,243	732,476	979,604
Charge for the year	6,830	5,856	156,622	169,308
At 31 March 2012	180,715	79,099	889,098	1,148,912
Net book value				
At 31 March 2012	**10,207**	**34,312**	**274,862**	**319,381**

Notes to the financial statements

5.2 Intangible assets

	Domain Names £	Internal Development £	Total £
Cost			
At 1 April 2010	32,887	1,228,211	1,261,098
Additions	-	1,031,400	1,031,400
At 31 March 2011	32,887	2,259,611	2,292,498
Depreciation			
At 1 April 2010	32,887	64,620	97,507
Charge for the year	-	164,073	164,073
At 31 March 2011	32,887	228,693	261,580
Net book value			
At 31 March 2011	-	2,030,918	2,030,918

	Domain Names £	Internal Development £	Total £
Cost			
At 1 April 2011	32,887	2,259,611	2,292,498
Additions	-	1,107,083	1,107,083
At 31 March 2012	32,887	3,366,694	3,399,581
Depreciation			
At 1 April 2011	32,887	228,693	261,580
Charge for the year	-	340,755	340,755
At 31 March 2012	32,887	569,448	602,335
Net book value			
At 31 March 2012	-	2,797,246	2,797,246

Amortization is shown within administrative expenses in the income statement.

6 Trade and other receivables

	2012 £	2011 £
Trade receivables	1,230,722	1,268,337
Other receivables	918,615	935,896
Prepayments and accrued income	1,126,542	1,222,408
Total	3,275,879	3,426,641
Impairment of trade receivables	(8,856)	(72,608)
	3,267,023	3,354,033

Notes to the financial statements

At 31 March 2012, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	2012 £	2011 £
Not more than one month	29,805	97,300
One to two months	19,333	187,427
Three to twelve months	145,404	92,874
More than twelve months	45,310	33,901
	239,852	411,502

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.

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 provision for trade receivables is provided below:

	2012 £	2011 £
Brought forward provision	72,608	74,314
Debts written off in the year	(96,107)	(63,902)
Increase in provision	32,355	62,196
Carry forward provision	8,856	72,608

7 Share capital and employee share options

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 1 April 2010	35,884,947	7,176,989
Issue of new shares	1,799,220	359,844
Exercise of share options	218,242	43,649
As at 31 March 2011	37,902,409	7,580,482
Exercise of share options	764,913	152,983
As at 31 March 2012	38,667,322	7,733,465

During the year 764,913 share options were exercised at exercise prices between 23 pence and 131.5 pence and a par value of 20 pence per share. The total proceeds were £331,499 of which £152,983 was recognized as share capital and £178,516 as share premium.

In June 2012 the company issued 2,355,000 ordinary shares of 20p each at market price of 138 pence per share with existing investors, raising £3.25m gross and £3.0m net of expenses, increasing the number of shares in issue to 41,022,322 and the value of share capital to £8,204,465.

Notes to the financial statements

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. The options lapse if share options remain unexercised after a period of ten years from the date of grant or if the employee leaves the Group. There are no other vesting conditions.

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 April 2011	70	3,580,707	64	3,455,635
Granted	95	533,625	131	502,800
Lapsed	120	(337,499)	42	(159,486)
Exercised	43	(764,913)	39	(218,242)
Outstanding at 31 March 2012	82	3,011,920	75	3,580,707
Exercisable at 31 March 2012	73	2,268,656	70	2,662,746

The weighted average share price at date of exercise of options exercised during the year was 128.53 pence (2011: 125.11 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 30.39 – 65.14 pence. Significant inputs into the model include a weighted average share price of 107.11 pence (2011: 130.64 pence) at the grant date, the exercise prices, weighted average volatility of 51.6% (2011: 48.7%), dividend yield of nil, an expected option life of five years and an annual risk-free interest rate of 1.24% (2011: 2.32%).

For the share awards there was sufficient share price data for Bango PLC to calculate the company's volatility.

Notes to the financial statements

At 31 March 2012, the Group had the following outstanding options and exercise prices:

		2012			2011		
		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
25 August	2012	-	-	-	31.00	20,000	17
24 February	2013	31.00	10,000	11	31.00	45,000	23
27 August	2013	-	-	-	29.00	15,000	29
27 February	2014	29.00	268,000	23	29.00	298,500	35
27 May	2014	31.00	40,000	26	31.00	40,000	38
27 July	2014	-	-	-	29.00	40,000	40
28 August	2014	50.00	14,000	29	50.00	46,000	41
18 February	2015	50.00	90,000	35	50.00	106,000	47
1 March	2015	50.00	230,000	35	50.00	230,000	47
22 June	2015	-	-	-	50.00	24,500	51
21 September	2015	202.00	134,000	42	202.00	190,000	54
1 March	2016	177.50	61,000	47	177.50	116,000	59
25 May	2016	140.00	210,000	50	140.00	210,000	62
9 October	2016	106.50	47,750	54	106.50	87,335	66
22 March	2017	50.00	76,250	60	50.00	76,250	72
23 March	2017	50.50	122,500	60	50.50	170,626	72
19 September	2017	41.00	132,000	66	41.00	171,565	78
31 January	2018	23.00	168,062	70	23.00	251,622	82
15 October	2018	53.50	73,997	79	53.50	126,957	91
19 February	2019	44.00	140,235	83	44.00	191,020	95
19 January	2019	-	-	-	44.00	115,377	94
11 August	2019	46.50	16,668	89	46.50	25,000	101
1 October	2019	44.50	156,070	91	44.50	219,265	103
17 March	2020	59.50	182,352	96	59.50	263,640	108
24 September	2020	167.00	126,125	102	167.00	183,125	114
10 December	2020	131.50	31,250	104	131.50	31,250	116
7 February	2021	153.00	100,000	106	153.00	100,000	118
17 March	2021	82.50	152,948	108	82.50	186,675	120
9 September	2021	82.00	197,713	114	-	-	-
27 September	2021	76.50	20,000	114	-	-	-
8 December	2021	68.50	20,000	117	-	-	-
23 March	2022	142.50	191,000	120	-	-	-
At 31 March			3,011,920	73		3,580,707	76

8 Trade and other payables

	2012 £	2011 £
Trade payables	2,429,570	2,373,998
Social security and other taxes	63,075	45,082
Accruals and deferred income	382,632	158,319
	2,875,277	2,577,399

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 non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	2012 £	2011 £
No later than 1 year	193,932	193,787
Later than 1 but no later than 5 years	120,507	314,222
More than 5 years	-	-
	314,439	508,009

The UK lease expires on 14 November 2013. The US office lease expires on 30 September 2013.

10 Expenses by nature

	2012 £	2011 £
Employee benefit expense	2,355,512	2,421,696
Depreciation & amortization	510,063	317,012
Other expenses	536,238	594,053
	3,401,813	3,332,761
Analyzed as:		
Administrative expenses	3,259,457	3,215,195
Share based payments	142,356	117,566
	3,401,813	3,332,761

11 Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	2012 £	2011 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	2,500	2,500
Fees payable to the company's auditors for other services: audit of company's subsidiaries	32,000	27,500
Other services relating to tax	5,650	45,690
Other services	26,750	12,561
Operating lease expenses:		
Land and buildings	249,387	186,263
Finance charges – bank interest payable	-	103
Exchange rate variances	8,141	148,182
Depreciation on property, plant and equipment	169,308	152,939
Amortization of intangible assets	340,755	164,073
Research and development costs	355,700	365,138

Notes to the financial statements

12 Employee benefit expense

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

	2012 No	2011 No
Administrative staff	6	6
Marketing staff	5	6
Sales staff	3	5
Technical staff	12	13
Executive Directors	3	3
Support staff	10	10
	39	43

The aggregate payroll costs of the above were:

	2012 £	2011 £
Wages and salaries	1,903,276	2,046,505
Social security costs	259,402	194,416
Other pension costs	50,478	63,209
Share based remuneration	142,356	117,566
	2,355,512	2,421,696

Included in the above payroll costs is £773,963 (2011 : £772,500) capitalized within internal development (note 5.2)
The Directors have identified eight (2011: nine) key management personnel, including Directors. Compensation to key management is set out below:

	2012 £	2011 £
Short term employee benefits	516,923	494,907
Post employment benefits	26,880	28,494
Share based compensation	51,844	57,268
	595,647	580,669

13 Directors

Remuneration in respect of Directors was as follows:

	2012 £	2011 £
Emoluments	368,539	317,378

2012	Wages and salaries £	Pension and other benefits £	Sums paid to third parties for directors services £	Fees £	Total £
R Anderson	105,000	-	-	-	105,000
A Malhotra	103,812	1,378	-	-	105,190
P Saxton	87,746	-	-	-	87,746
L Bury	3,103	-	-	-	3,103
M Rigby	-	-	15,750	-	15,750
R Burger	-	-	-	15,750	15,750
D Sear	-	-	-	36,000	36,000
	299,661	1,378	15,750	51,750	368,539

Notes to the financial statements

2011	Wages and salaries	Pension and other benefits	Sums paid to third parties for directors services	Fees	Total
	£	£	£	£	£
R Anderson	72,389	-	-	-	72,389
A Malhotra	103,550	1,929	-	-	105,479
P Saxton	83,507	-	-	-	83,507
L Bury	18,617	-	-	-	18,617
M Rigby	-	-	15,750	-	15,750
R Burger	-	-	-	11,813	11,813
D Sear	-	-	-	9,823	9,823
	278,063	1,929	15,750	21,636	317,378

The highest paid director received total salary of £103,812 (2011: £103,550), pension contributions of £1,378 (2011 : £1,929), and share based compensation of £nil (2011 : £nil).

The number of directors who accrued benefits under pension schemes was one (2011 : one).

The total share based compensation for directors was £39,954 (2011 : £28,514).

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

14 Investment income

	2012	2011
	£	£
Bank interest receivable	469	516

15 Income tax expense

	2012	2011
	£	£
Current tax - overseas	-	78,151
R&D tax credits receivable	(179,614)	(219,431)
	(179,614)	(141,280)

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

	2012	2011
Loss on ordinary activities before taxation	(1,112,330)	(837,365)
Loss on ordinary activities multiplied by standard rate of tax of 26% (2011: 28%)	(289,206)	(234,462)
Effect of :		
(Income) / expenses not deductible for tax purposes	(131,555)	35,674
Differences between capital allowances and depreciation	(41,367)	(6,010)
Unutilized tax losses	462,128	204,798
Overseas tax	-	78,151
R&D tax credits receivable	(179,614)	(219,431)
Total tax	(179,614)	(141,280)

At 31 March 2012 the unutilized tax losses carried forward amounted to £12.8 million (2011: £11.9 million).

Unrecognized deferred tax assets:

	2012	2011
	£	£
Share option deduction	465,716	96,739
Tax losses	2,899,966	3,088,542
Other temporary differences	1,896	2,052
Accelerated capital allowances	(421,172)	(422,200)
	2,946,406	2,765,133

Notes to the financial statements

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 loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012 £	2011 £
Loss attributable to equity holders of the Company	(932,716)	(696,085)
Weighted average number of ordinary shares in issue	38,321,075	36,564,487
Earnings (basic) per share	(2.43) p	(1.90) p

(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.

	2012 £	2011 £
Loss attributable to equity holders of the company	(932,716)	(696,085)
Weighted average number of ordinary shares	38,321,075	36,564,487
Earnings (diluted) per share	(2.43) p	(1.90) p

At 31 March 2012 options over 3,011,920 (2011: 3,580,707) ordinary shares were outstanding. Given the loss for the year, these options are considered to be anti-dilutive. Such options could potentially dilute basic loss per share in the future.

17 Cash generated / used by operations

	2012 £	2011 £
Loss for the financial year	(932,716)	(696,085)
Depreciation and amortization	510,063	317,012
Taxation in income statement	(179,614)	(141,280)
Investment income	(469)	(516)
Interest payable	-	103
Foreign exchange movement	18,758	-
Share-based payment expense	142,356	117,566
Decrease in receivables	107,652	884,365
Increase / (decrease) in payables	297,878	(1,631,984)
	(36,092)	(1,150,819)
Corporation tax rebate / (paid)	158,972	(78,151)
Net cash generated / (used) by operations	122,880	(1,228,970)

Notes to the financial statements

18 Financial assets and liabilities

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

	2012 £	2011 £
Loans and receivables	4,272,776	5,450,671
Total financial assets	4,272,776	5,450,671

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

	2012 £	2011 £
Current assets		
Trade and other receivables	2,478,612	2,737,445
Cash and cash equivalents	1,794,164	2,713,226
Total financial assets	4,272,776	5,450,671

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

	2012 £	2011 £
Financial liabilities measured at amortized cost	2,726,711	2,532,317
Total financial liabilities	2,726,711	2,532,317

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

	2012 £	2011 £
Current liabilities		
Trade payables	2,429,570	2,373,998
Accruals	297,141	158,319
Total financial liabilities	2,726,711	2,532,317

19 Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets and cash and cash equivalents 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 Group completes regular credit checks on those payment providers accounting for significant individual balances. In addition, the terms and conditions of trade with some content providers allow the group to withhold payment of the relevant part of the content provider earnings until payment is received from the payment provider.

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.

Notes to the financial statements

20 Liquidity risk analysis and capital management

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, taking account of operating activities and investing activities.

At 31 March 2012 the Group's financial liabilities had contractual maturities which are summarized below:

	2012 £	2011 £
Current within 6 months	**2,726,711**	2,522,408
Current 6 to 12 months	-	9,909
Trade and other payables	**2,726,711**	2,532,317

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders, via sufficient cash resources, through profitable trading and equity issues to mitigate liquidity risk.

During the year the Group did not issue new shares on the AIM market (2011 :£2.2m) but a new share issue was completed in June 2012. The Directors consider that the capital management objectives have been satisfied through the adequate management of liquidity.

At 31 March 2012 the Group had no borrowings.

Capital for the reporting period under review is summarized as follows:

	2012 £	2011 £
Total equity	**5,302,537**	5,761,398
Less cash and cash equivalents	**(1,794,164)**	(2,713,226)
	3,508,373	3,048,172

21 Market risk analysis

21.1 Interest risk sensitivity

The Group has no borrowings on which it is subject to interest rate risk. The risk associated with interest earned on cash balances is low, given the low level of interest currently being earned.

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.

		2012			2011		
Nominal amounts		£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)	£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)
US $	USD	1,786,443	650,065	1,136,378	2,134,242	1,636,140	498,102
Euro	EUR	553,481	1,161,975	(608,494)	167,719	97,958	69,761
Australian $	AUD	9,889	679	9,210	8,644	2,477	6,167
Canadian $	CAD	430,002	55,714	374,288	170,855	3,693	167,162
New Zealand $	NZD	24,676	1,349	23,327	101,715	-	101,715
Indonesia Rp	IDR	92,066	4,154	87,912	-	-	-
Other		1,065	134	931	-	-	-
Short term exposure		2,897,622	1,874,070	1,023,552	2,583,175	1,740,268	842,907

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 2012 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 and express an opinion on 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/private.cfm

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 2012;
- 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 2012.

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
3 August 2012

Company balance sheet

	Note	2012 £	2011 £
Fixed assets			
Investment in subsidiary	4	5,445,444	5,303,088
Current assets			
Debtors due within one year	5	177,671	5,005
Debtors due after one year	5	11,978,550	11,874,398
Cash at bank		-	-
		12,156,221	11,879,403
Creditors falling due within one year	6	218,221	53,525
Net current assets		11,938,000	11,825,878
Total assets less current liabilities		17,383,444	17,128,966
Capital and reserves			
Share capital	7	7,733,465	7,580,482
Share premium account	8	9,095,525	8,917,009
Other reserve	8	1,241,158	1,098,802
Retained earnings	8	(686,704)	(467,327)
Shareholders' funds		17,383,444	17,128,966

These financial statements were approved by the Directors on 3 August 2012 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) of its trading subsidiaries. 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 behavioral considerations.

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

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 2012 of £219,377 (2011: £188,548) 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 35 of the Group accounts. A charge of £39,368 (2011 : £26,154) has been recognized 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 2011	5,303,088
Share based payments	142,356
Shares in subsidiary undertakings at 31 March 2012	5,445,444
Net book amount	
At 31 March 2012	5,445,444
At 31 March 2011	5,303,088

Details of subsidiary undertakings at 31 March 2012 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 and support office for Bango.net Limited services in USA
Bango SP Ltd	England & Wales	Ordinary	100%	Non-trading

5 Debtors

	2012 £	2011 £
Amounts due from Group undertakings (due after one year)	11,978,550	11,874,398
Other debtors (due within one year)	177,671	5,005
	12,156,221	11,879,403

6 Creditors

	2012 £	2011 £
Trade creditors	35,644	26,041
Accruals and deferred income	165,191	10,098
Amounts owed to group undertakings	17,386	17,386
	218,221	53,525

Notes to the financial statements

7 Share capital

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 1 April 2010	35,884,947	7,176,989
Issue of new shares	1,799,220	359,844
Exercise of share options	218,242	43,649
As at 31 March 2011	37,902,409	7,580,482
Exercise of share options	764,913	152,983
As at 31 March 2012	38,667,322	7,733,465

In June 2012 the company issued 2,355,000 ordinary shares of 20p each at market price of 138 pence per share with existing investors, raising £3.25m gross and £3.0m net of expenses, increasing the number of shares in issue to 41,022,322 and the value of share capital to £8,204,465.

During the year 764,913 share options were exercised at exercise prices between 20 pence and 131.5 pence and a par value of 20 pence per share. The total proceeds were £331,499 of which £152,983 was recognized as share capital and £178,516 as share premium.

During the year 533,625 options were granted to employees, including 63,750 to Peter Saxton, a Director.

At the period end, 3,011,920 options were outstanding. Further details relating to employee share options are provided in note 7 in the group financial statements.

8 Reserves

	Share Premium Account £	Other reserve £	Retained earnings £
At 1 April 2011	8,917,009	1,098,802	(467,327)
Exercise of share options	178,516	-	-
Share based payments	-	142,356	-
Loss for the year	-	-	(219,377)
At 31 March 2012	9,095,525	1,241,158	(686,704)

9 Reconciliation of movements in shareholders funds

	2012 £	2011 £
At 1 April	17,128,966	14,884,458
Exercise of share options	331,499	83,196
Share based payments	142,356	117,566
Issue of new shares	-	2,232,294
Loss for the year	(219,377)	(188,548)
	17,383,444	17,128,966