



banqo®

Annual Report 2013



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In the era of mobile technology, collecting payments on a massive scale has emerged as a central opportunity and complex challenge. Bango's technology powers mobile payment, providing users with a massively smooth payment experience. Bango's pervasive presence across the web creates a platform effect for our partners, automatically identifying hundreds of millions of users to maximize the number of one-click payments from mobile devices.

Global leaders plugging into Bango include Amazon, BlackBerry World, Facebook, Google Play, Windows Phone Store and major mobile brands.

Bango's technology uniquely provides a persistent customer identity across websites and applications for any device. This is the foundation for Bango's payment, analytics and dashboard products, giving app stores, network operators and digital merchants a unique understanding of how their customers browse and buy.

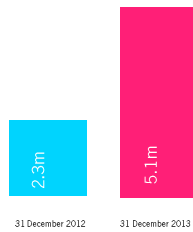
The period 1st January 2013 to 31st December 2013 saw Bango exceed 120 Mobile Network Operator integrations, with new integrations in strategically important growth markets, including South East Asia and across Latin America.

When the world's newest app store, Mozilla's Firefox Marketplace, was launched in mid-2013, it became the first app store to deploy Direct Operator Billing, provided by Bango, from launch.

Highlights

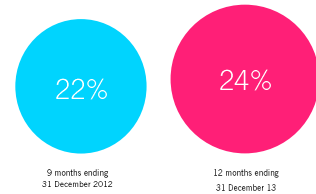
Cash position (£m)

↑ 120%



Gross profit (%)

↑ 2%



Financial highlights

- End user spend increased to £15.6m (9m2012: £6.2m)
 - Increased 150% from December 2012 to December 2013 driven by app store activity
- End user gross profit* grew to £0.4m (9m2012: £0.2m), with gross profit margin within the 2-5% medium term target range
- Platform fee revenue including fees for connecting Mobile Network Operators (MNOs) and analytics £1.7m (9m2012: £1.4m)
- Total gross profit including gross profit on end user spend and platform fees stable at £2.1m on a pro-rated basis (9m2012: £1.6m)
- Loss before tax increased to £4.9m (9m2012: £2.6m) due to expansion of operational teams and datacenters to meet expectations of major new customers and increase of depreciation, amortization and share based payment charges
- Adjusted LBITDA** £3.0m (9m2012: £1.7m)
- Cash balance of £5.1m (£2.3m at 31 December 2012)
 - £6.5m oversubscribed placing in February 2013

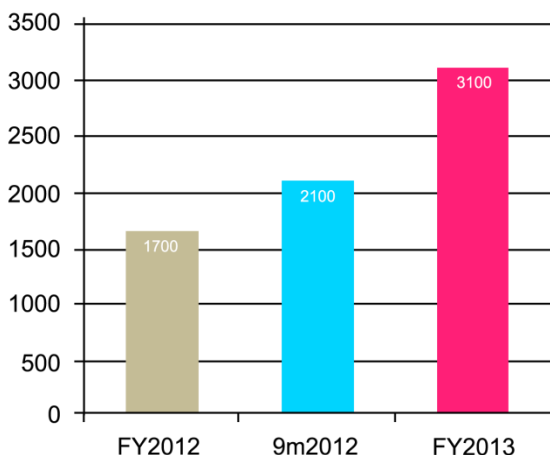
* Gross profit on end user spend is total end user spend less amounts due to app stores, digital merchants and payment providers.

** Adjusted LBITDA is operating loss before depreciation, amortization and share based payments.

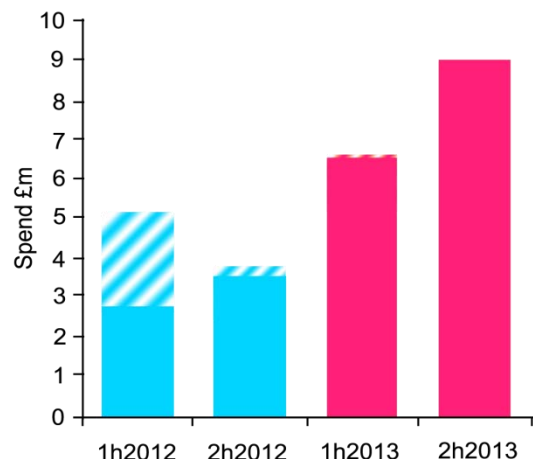
Operational highlights

- Significant progress integrating industry leading app stores with MNOs during the year:
 - Google Play: 3 integrations live at year end (1 live at year end 2012)
 - Firefox Marketplace: 4 integrations live at year end (0 live at year end 2012)
 - Windows Phone Store: 3 MNO integrations implemented and live at year end (0 live at year end 2012)
 - Pipeline of 40 integrations, most being Google Play
- Country expansion continued:
 - Bango has now completed more than 120 direct MNO integrations, including operators in Mexico, Colombia, Singapore, Indonesia, Malaysia, Thailand, Philippines, UAE, KSA, Kuwait, Poland and Czech Republic
 - Established Singapore presence to support Asia rollout and app store activity
- Mean monthly analytics transaction volume grew to 1.8bn/month in FY2013 from 1.0bn/month in 9m2012
- 24/7 global platform operations center built and now fully operational
- Activity with Amazon continues

Number of active content providers



End user spend



Chairman's statement

Bango continues to be the technology of choice for leading mobile operators, the world's largest app stores and major digital merchants

- Enabling more sales
- Strategic progress and investment
- Growth in end user spend
- Clear market opportunities
- Unrivalled abilities

Bango has established a leading position within the mobile payments ecosystem. It continues to be the technology of choice for leading mobile operators, the world's largest app stores and major digital merchants. Bango technology enables the efficient and effective collection of payments from consumers. It integrates the billing systems of often diverse and complex mobile operators around the world into a common platform. Bango's technology and extensive information database reduces the cost and time to market for digital merchants, across the globe. It enables more sales than a business could get by a simple direct connection to one or more billing system. Bango amplifies digital merchants' sales through the use of its unique and innovative user identification, even over Wi-Fi, and its BangoID and BillRank technology.

Bango saw significant strategic progress in 2013 following its exit from the feature phone business and addition of major new smartphone app stores

following the building of a base for BlackBerry.

The Board approved significant investment in capacity and resilience, enabling Bango to capture business from the largest app stores ahead of anticipated transaction volume as these app stores integrate with Bango's base of mobile operators. 2013's growth in end user spend (up 150% from December 2012 to December 2013) was driven by app store customers signed-up during 2012, expanding their number of MNO integrations across the Bango Platform; in particular Google Play.

At the end of 2013, these app store partners had only a few MNO integrations across the Bango Platform, but this has already more than doubled end user spend volumes. There remains a large scope of activity on this front, Bango's total number of MNO integrations exceeds 120 and is increasing at pace, due to improved "on-boarding" procedures instigated during the year. Continued expansion of operator billing integrations worldwide has been driven by our app store partners and have mainly been customer funded, and in emerging markets.

Bango increased its annual operating expenditure by approximately £1m as it invests in new people and infrastructure; including a new Dallas datacenter and upgrade of existing datacenters, to support the expected substantial growth and to meet the resilience needs of major customers going forward.

Bango is focussed on growing the value generated from transaction volumes and was therefore pleased to maintain total gross profit of £2.1m. Bango is developing new products and services

that will enable growth of gross margin in the future.

Operator billing remains in the early stages of adoption, but Bango and industry analysts see high potential in this large and growing market. Revenues from mobile content, monetized through operator billing, are expected to rise from \$2bn in 2012 to more than \$13bn by 2017, according to Juniper Research. The market opportunity is clear, and though activity from initial MNO integrations into our partners is encouraging, it remains premature to forecast the scale and timing of growth across the Bango Platform. In the coming months, as Bango will be able to better model spending within MNO territories and better predict operator roll-out rates, the timing of milestones and the trajectory of growth in end user spend will be more predictable.

The demonstrable value of Bango's proposition, its unrivalled international billing abilities, continuing engagement with industry leaders and central position within the mobile internet ecosystem, ensures a sustainable dominance at the forefront of the mobile payments market.

This is an exciting time for Bango as it evolves to its next stage of growth.

David Sear
Chairman

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bangoinvestor.com



CEO's statement

- 2013 overview
- End user spend
- App store progress
- Global expansion of the Bango Platform
- High growth preparation
- Product innovation
- Market positioning
- Outlook

2013 Overview

Bango has an industry-leading reputation for providing a superior mobile payments solution to the world's largest app stores and major digital merchants. 2013 was a year of preparation ahead of an expected surge in activity across the Bango Platform.

The current Bango focus is enabling its largest customers to quickly and easily grow their transaction volumes by expanding the reach of mobile operator billing. Currently, most Bango transactions relate to app stores, this is expected to continue as these currently provide the largest channel for mobile content consumption. Bango is also well placed to enable content companies to offer mobile downloads directly, and for this, operator billing is a vital payment method.

Important developments during the year include:

1. A ramp-up in end user spending toward the end of 2013, as a result of initial stages of growth driven by Google Play starting to use Bango to integrate with MNO billing systems

2. Continued expansion of operator billing integrations worldwide, driven by BlackBerry and increasingly Mozilla and Microsoft. The majority of which have been customer funded, and primarily in emerging market
3. The completion of a major operations, datacenter and platform upgrade to prepare for expected growth in volumes. And to handle transaction volume growth of 20 fold from the major app stores increasing their use of Bango

A strong theme for newer Bango partners is access to emerging markets where credit cards are less popular, and where Android and BlackBerry devices have a higher market penetration than the iPhone. Bango is also experiencing significant interest from operators in markets where other payment methods are scarce.

End user spend

Bango has a "pay per transaction" business model for its Bango Payments product. Either Bango collects the payment and passes it on while retaining a portion for Bango (principal basis), or the digital merchant collects the payment enabled by Bango technology and pays a fee to Bango (agency basis). "End user spend" is the value of all payments made by users for content or services less taxes through the Bango Payments systems. Bango also generates revenue by charging fees for MNO integrations to the Bango Platform and for analytics services.

End user spend is one of Bango's Key Performance Indicators. Growth in end user spend signifies growth in the use of the Bango Platform, and reflects the success that app stores and developers are gaining through their use of Bango technology. As the market develops it will be used as a measure of success against competitive approaches. During the year Bango was delighted to see end user spend increase to £15.6m, and grow 150% from December 2012 to December 2013.

End user margin is a blend across a range of different contracts, and Bango has a

mid-term target of 2-5%. High volumes and simple transactions can attract fees below 2%, but transactions involving cross border activity, analytics, settlement, or other services, can attract fees higher than 5%. The end user margin declined slightly to 2.3% over the year due to higher growth in lower margin payment activities. Bango continues to develop new technology and services that sustain higher percentage transaction fees and also support volume growth to drive up total gross profit from end user spend.

App store progress

A significant number of MNO integrations took place in FY2013:

- **Google Play** 3 integrations live at the year end
- **Mozilla Firefox Marketplace** 4 integrations live at the year end
- **Microsoft Windows Phone Store** 3 integrations live at the year end
- **Amazon** agreement signed in December 2011, and though not live on the Bango Platform, the relationship continues to progress
- **BlackBerry World** 20 more integrations added
- **Facebook** 8 more integrations added
- Current pipeline of 40 integrations, most being Google Play

Google Play

The biggest boost to Bango's growth in the year came from Google Play, which delivers music, books, movies and apps to hundreds of millions of Android users around the world. Bango connects MNO billing systems into Google Play to enable easy payment for users' on their phone bills. MNO's go live quicker and gain significant additional functionality and resilience by integrating with Google Play through Bango, rather than a do-it-yourself approach.

Telstra in Australia was active for the full year, showing growth ahead of anticipated levels. Rogers and Fido in Canada were added later in the year, and

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made a good contribution to end user spend toward the end of the period in December 2013.

Post period, in January 2014, Bell, Canada went live. There are several further MNOs in the final test stages, and Bango is in negotiations and discussions with dozens more round the world. We expect new integrations to go live regularly over the course of the year.

Mozilla

Bango signed a global payment services agreement with Mozilla Corporation in June 2013, and activated the service in August 2013 for Firefox Marketplace's initial launch territories. Bango provides billing, as well as collection and settlement, for content purchased by Firefox OS customers in Spain and Colombia through Telefónica, and in Venezuela using credit card billing. Additional MNO launches during 2013 included Deutsche Telekom in Germany and Poland.

While Firefox OS is in its early stages, Bango sees Mozilla as an important partner, and an industry leader that will expand and enhance the HTML5 capabilities of the Bango Platform, catalyzing innovation around the unique BangoID and Bango BillRank system. In many developing markets, the competition for smartphone sales will be between low-cost Android devices and similarly priced Firefox OS devices. Bango provides billing for content on both platforms.

Microsoft

In June 2013, Bango announced that operator billing had launched for the Windows Phone Store in Indonesia with Indosat (IDX:ISAT, NYSE:IIT). Bango has since worked with Microsoft to expand operator billing to further MNOs, including Rogers in Canada and Iusacell

in Mexico. Bango expects to announce further progress with Microsoft in the coming months.

BlackBerry

BlackBerry World uses Bango's operator billing integrations to collect payments from more than 75 MNO's across North America, Europe, South America and Asia. BlackBerry 10 (BB10), a new smartphone and tablet platform that improves usability, was launched during 2013.

BlackBerry has repositioned itself towards the so-called "Prosumer", but has also announced that it is working with Foxconn to produce a BB10 powered smartphone that will sell for less than \$200, as part of its strategy to maintain and build on its relatively strong market share position in the emerging markets. These devices are expected to launch in April 2014 in Indonesia. Bango end user spend derived from BlackBerry mirrors this change in strategy, showing growth in emerging markets away from the US and European markets.

Amazon

An agreement was signed with Amazon in December 2011. It did not generate significant revenue during FY2013. The relationship continues to progress and is being given a great deal of attention within Bango in anticipation of successful commercialization. Amazon has recently opened up its Android based app store globally, and it is now preloaded by operators on some Android devices.

Facebook

Bango integrated Facebook to operator billing as part of an improved mobile payments flow, enabling Facebook's mobile web users to easily purchase digital content. The use of Bango

technology is focussed on HTML5 based web-apps that can run on iOS or Android, alongside apps that are downloaded from the app stores. This is at an early stage with Facebook as it currently has a lower focus on its own payment capabilities than routing consumers to app stores, where Bango payment can be used.

During 2013 Bango connected Facebook with MNOs in Spain and the Czech Republic, adding to those already connected in France, Germany, USA, and the UK.

Global expansion of the Bango Platform

The Bango Platform has continued its roll-out globally, driven by the demands of the major app stores. The process of on-boarding an MNO is: develop and test a technical connection, agree a commercial framework, then activate the integration in accordance with Bango customer requirements. Bango completed new direct integrations with the billing systems of a number of MNOs in the year, taking the total to over 120 by the end of 2013.

These wide-reaching integrations provide Bango with the ability to directly place charges on the bills of more than 1 billion mobile phone users. Furthermore, use of the unique BangoID technology achieves higher conversion rates and reduces risk.

During 2013, Bango established a business structure to enable its customers to access the Indian market using MNO billing for app stores. This meets the complex Indian regulatory requirements, complies with local privacy laws and ensures tax compliance when processing payments. In addition, Bango established a Brazilian entity to provide similar capabilities for customers providing apps to consumers in Brazil. Bango also established a presence in Singapore (close to Google and Microsoft

regional hubs) to support activity in the Asia region, due to its strategic importance and interest by Bango app store customers in entering the region.

A number of integrations were gained in 2013 across Latin America, including in Brazil, Colombia and Mexico. These were enabled by Bango's partnership with Mozilla.

Prepared for high growth in transaction volumes

Following the appointment of a Chief Operating Officer (COO) in November 2012, Bango made rapid progress during 2013 to strengthen systems and operational processes ready for anticipated increases in transaction volumes.

During March 2013, new equipment was installed at Bango's existing UK datacenters and augmented by establishing a new datacenter in North America, to provide substantial extra peak handling capacity, and to reduce latency for customers and end users in the Americas. Driven by heavy analytics usage and internal testing of the Bango Platform, Bango has successfully processed peaks of activity in excess of 100,000 transactions per second. This gives Bango management confidence that the system will be able to process payment volume peaks equivalent to 1,000 or more times current levels whenever demanded.

Bango also made a key hire to head up MNO business development, with a focus of increasing sales and marketing activity aimed at the MNOs. This key hire has been responsible for establishing the business entities globally as discussed above.

Product development and innovation

Bango's core product offering delivers the most efficient means for digital merchants to collect money from their customers. At the same time, Bango significantly improves user experience, increases sales success and minimizes risk. The unique BillRank and cloud-

based identification and authentication technology, BangolD, ensures unrivalled precision across all platforms and integrations, leveraging industry partnerships to deliver intelligence unavailable elsewhere.

Bango Payments Platform

The Bango Payments Platform provides a common integration point between the dozens of diverse billing systems around the world (operator billing platforms, mobile wallets and credit cards) and the leading smartphone app stores, digital merchants and app developers.

Bango increases sales by 200% to 1000% or more compared with traditional credit card methods, and this is amplified further due to the unique BangolD database, particularly with the increasing number of Wi-Fi connected users.

The core Bango Payments Platform has been updated for "quality at scale" to support the largest of the app store deployments, and new measurement capabilities have been added to support the new Bango Dashboard product.

Bango Analytics

Bango Analytics compliments Bango Payments to provide clear proof of increased sales conversion and customer engagement. It measures real consumer behavior from the point of initial acquisition within marketing campaigns, through navigation and payments in stores or on websites, to the consumption and use of digital content and applications.

It is highly valued by customers because it leverages payment relationships to provide information unavailable anywhere else, and is therefore highly complementary to the Bango Payments Platform.

Growth in transaction volumes on the Bango Analytics Platform has continued at increasing rates. Volumes averaged 1.8 billion per month in 2013, compared with 1.0 billion per month in 9m2012.

Bango Dashboard

Following development during 2013, the new Bango Dashboard was launched in February 2014. It is an operator-focused evolution of Bango Analytics that enables operators to see real-time data on app store sales, billing activity, and monitor billing platform performance. Bango Dashboard offers an unprecedented understanding of operator billing performance globally. The degree by which data is exposed can be controlled by the app store, through a disclosure control feature. Bango Dashboard is licensed on a per-seat subscription basis.

System controls and security

Privacy continues to be a priority for Bango and a number of further security systems were deployed in 2013. A Chief Information Security Officer was recently hired to provide assurance to the Board and customers that Bango maintains required levels of security and risk management.

Well positioned in an exciting and large market

The mobile industry is vibrant, growing fast and offers a significant opportunity for providers of apps and services, should they implement ways to effectively collect payments from users. Apple and Google are the main drivers of the market, and there is also innovation from new entrants in mobile such as Mozilla, Facebook, Microsoft and Amazon. This general market trend is very much reflected in Bango's commercial relationships and activities.

As predicted by Bango, the emergence of Android has opened up the market to new users and very wide deployment of smartphones and the mobile web. Some Bango operator partners have sourced low-cost Android devices to grow the market for paid content more rapidly in certain geographies such as Indonesia, Brazil and India. These geographies are some of the highest smartphone growth areas. In addition, due to their relatively low credit card penetration, they are also

The Bango Platform has continued its roll-out globally, driven by the demands of the major app stores

the areas where greatest sales uplift is seen when operator billing is introduced.

Direct Operator Billing

Bango is a champion of Direct Operator Billing (DOB), the state of the art billing method that allows smartphone users to charge the cost of a digital purchase to their phone bill, in one-click. This is the service that Bango provides to the world's largest app stores, enabled by our direct integrations into more than 120 of the world's largest MNOs – and is genuine operator billing.

Many of today's mobile payment providers are dependent on Premium SMS (PSMS) messages, which enable basic billing capability but with degraded user experience and reduced sales conversion rates for digital merchants. During 2013, Bango launched its 'Beware of BOB' campaign (<http://bango.com/bob/>) to shine light on this dubious practice within the operator billing industry.

In December 2013, the major MNOs in the USA announced that they would no longer support general use of PSMS as a mode of payment. Bango expects there to be escalating pressure to ban PSMS in other regions, and this should in turn drive a consolidation toward DOB. Bango is strongly positioned to capitalize on the termination of PSMS.

Market overview

Worldwide combined shipments of devices (PCs, tablets and mobile phones) are projected to reach 2.5 billion units in 2014, a 7.6% increase from 2013, according to Gartner. Mobile phones are expected to dominate the overall device shipment market.

According to International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, vendors shipped a total of 1,004.2 million smartphones in

2013, up 38.4% from the 725.3 million units shipped in 2012. Gartner has established that the marketplace has reached a tipping point, where smartphone sales are now the majority shipped vs. feature phones. Mobile phone users are rapidly switching to smartphones as devices become more affordable and as 3G/4G networks advance. The highest smartphone sales growth will be seen across the developing regions of India, Latin America, the Asia-Pacific, the Middle East and Africa.

In 2013 there were 102 billion app store downloads globally, which amounted to USD\$26 billion in sales. By 2017, it is projected that there will be 268 billion app downloads annually, amounting to \$77 billion in revenue.

Outlook

Focus continues on growing commercial partnerships with MNOs around the world. Bango provides a single unified payment integration across all the major app stores and merchants. This valuable solution provides MNOs with significant technical simplification, cost savings and rapid time to market.

Currently Bango has a high proportion of MNOs integrated for BlackBerry; and this relationship has proven very successful. However, it is other app stores, such as Google Play, Microsoft, Mozilla and Facebook which are driving Bango's growth and these app stores currently only have a few MNO integrations each live. Bango is focussed on both driving further direct MNO integrations into its platform, and expanding the number of MNOs integrated with its strategic partners.

Bango is building on its solid progress to date, and end user spend is ramping up as new MNO integrations go live with app store partners, and as expansion continues into emerging, fast growth markets. Having invested in the platform

and the operational capacity, Bango management is confident that the right cost base and strong balance sheet are in place to scale with the expected volume growth.

It is too early to accurately predict transaction volume growth rates, and though it can take time to rollout MNO connections for digital merchants, progress into 2014 is very positive. Bango has increasing confidence in its move to profitability, positive cash balance and its growing competitive advantage. The business is uniquely positioned to capitalize on the extraordinary consumer appetite for smartphones and continuing growth of digital content and services.

Bango is successfully executing on its smartphone opportunities and is seeing a continuing, month-on-month increase in end user spend. Bango has an advantageous competitive position and a reputation for reliability and quality in a large and growing marketplace. Bango's expanding commercial relationships and geographic reach, alongside its ability to scale its leading and unique technology, provides confidence of continued and accelerating growth ahead.

Ray Anderson

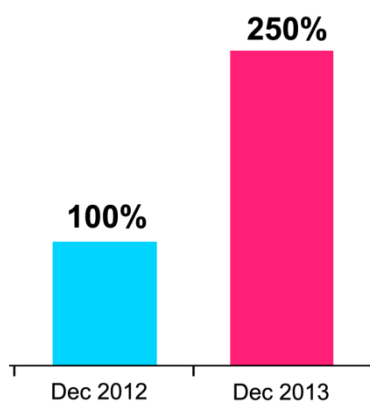
CEO

CFO's statement

End user spend for the year was £15.6m (1h2013: £6.6m, 9m2012 £6.2m). End user spend in December 2013 grew by 150% over the end user spend in December 2012

- 95% of end user spend derived from newer app store activities
- End user spend £15.6m (1h2013: £6.6m, 9m2012 £6.2m)
- Gross profit for the year £2.1m (9m2012 £1.6m)
- Loss before tax £4.9m (1h2013: £1.8m, 9m2012: £2.6m)
- Cash balance £5.1m (31Dec12 £2.3m)

(1h2013: £6.6m, 9m2012 £6.2m). End user spend in December 2013 grew by 150% over the end user spend in December 2012. The growth can be primarily attributed to smartphone transactions through major app stores, with significant contribution from Google Play and BlackBerry World.



(1h2013: 3.4%, 9m2012: 3.6%) and therefore remained consistently within Bango's longer term target range of between 2% and 5%. The decrease in end user margin is mainly due to the significant growth in the lower margin activity. Bango continues to develop technology and services that sustain higher percentage transaction fees and also support volume growth to drive up total gross profit from end user activity.

Total gross profit for the year, which is made up of gross profit on end user activity and platform fees, was £2.1m (9m2012: £1.6m).

The operating loss for the year was £4.9m (1h2013: £1.8m, 9m2012: £2.6m). Amortization of intangible assets in the year was £1.0m (9m2012: £0.4m) as more of the previously capitalized R&D came into use during the period. Depreciation for the year totalled £0.4m (9m2012: £0.2m).

Bango is very pleased that its transition to being a provider of payment services to the smartphone market was completed during 2013. Bango exited 2013 with over 95% of end user spend derived from newer app store activities. The discontinued, legacy feature phone business accounted for nearly 25% of our turnover in 2012.

Although results for the year demonstrate an increase in activity from app store partners as they integrate further MNOs, they do not include any significant income from Amazon and Microsoft. They do, however, include costs relating to the establishment of these two relationships and the development of the end product.

Trading results from operations

Bango views end user spend as a Key Performance Indicator, which is a non IFRS measure of transaction processed through the Bango Payments Platform. End user spend for the year was £15.6m

Turnover for the year ended 31 December 2013 was £8.8m (1h2013: £4.5m, 9m2012: £7.4m); on a pro-rated basis this was a 10% decrease. Total turnover includes a mix of gross transaction value where Bango is principal, and margin only where Bango is the agent. The other factor affecting our turnover was the managed change in the type of end user services from feature phones, our legacy business, to smartphone and app store based operator billing. 213 marked the start of the implementation phase of our strategy of working with smartphones and major app stores.

There was a 9% decrease in platform fees on a pro-rated basis to £1.7m (1h2013: £1.0m, 9m2012: £1.4m). Platform fees are the amounts paid to Bango by digital merchants and others for package fees and other services including analytics and operator connections.

End user gross profit was £0.4m, and the margin for the period was 2.3%

There was significant investment in infrastructure and operational capacity in preparation for the rapid growth Bango anticipates from the relationships with major app stores such as Google Play and Amazon. We have managed the increase in capacity on a cost effective basis. The significant planned and managed changes include an increase in staff related costs, including both salary costs and share based payment charges. In December 2013 Bango employed 70 staff members (December 2012: 49).

Share based payments costs of £475k in 2013 (9m2012: £253k) are part of the compensation package Bango uses to attract and retain key employees, whilst we go through the phase of enhancing our operational base.

Bango has accelerated £270k amortization of R&D related to specific customers as part of our prudent approach to the capitalization of intangible assets.

Finance costs were £31.0k for the year (9m2012: £5.1k) relating to finance leases. Bango earned interest of £35.9k (9m2012: £6.5k) relating to cash balances held during the period.

Bango reported a net loss before tax for the year of £4.9m (1h2013: £1.8m, 9m2012: £2.6m). The loss after tax totalled £4.7m for the year compared with £2.4m for the previous 9 month period.

Taxation

The tax credit for the year was £0.2m (9m2012: £0.2m) and relates to R&D tax credits receivable.

At the year end Bango had not recognized a deferred tax asset in the balance sheet of £3.1m (9m2012: £3.0m), due to the unpredictability of future taxable trading profits against which the losses may be utilized.

Loss per share

Basic and diluted loss per share increased to 10.53 pence in the period (9m2012: 5.91 pence).

Balance sheet

Net assets of Bango were £8.9m at 31 December 2013, compared to £6.5m at 31 December 2012.

Cash balances increased to £5.1m at 31 December 2013 (at 31 December 2012: £2.3m).

Intangible assets increased to £3.4m (at 31 December 2012: £3.3m) as a result of on-going internal development work being capitalized.

Current liabilities as at 31 December 2013 were £2.2m (at 31 December 2012: £2.2m). Total borrowings were £428k (at 31 December 2012: £139k). This balance consists of finance lease liabilities. Of the total borrowings, £147.2k is classed as current (at 31 December 2012: £21.8k) and £280k is classed as non-current (at 31 December 2012: £117k).

Raising of additional capital

In February 2013, Bango raised £6.5m (approximately US\$10m) before expenses in an oversubscribed placing of 3,250,000 new ordinary shares at a price of 200p, with both new and existing institutional investors. The funding has provided support to Bango's strategy of being positioned to take advantage of developing opportunities in emerging markets and further business development with major MNO.

- Emerging markets' opportunities have been explored. We have established an office in Singapore, and in February 2014 we established a Group company in Brazil. We have made good progress in the challenging markets of India and Brazil
- We continue to make progress and develop business with major partners and MNOs. This took time and additional resources. New connections included Google Play, Microsoft Windows Phone Store and BlackBerry World
- With a strengthened balance sheet, Bango has been able to consider alternative more cost efficient financing in the year

Cash flow

Cash used by operating activities was £2.5m (1h2013: £0.8m, 9m2012: £1.6m). Bango saw a significant level of working capital utilization during the year, the key components of which were:

- Reductions in receivables of £0.2m
- Reductions in payables of £0.1m

Net capital expenditure outflows totalled £0.5m in the year (9m2012: £0.4m) and were largely attributable to computers and office equipment. The addition of intangible assets totalled £1.1m (9m2012: £0.9m) and was largely attributable to the capitalization of internal development. These were part of a major hardware and software platform refresh in the primary datacenter to upscale transactional capacity and to enable deployment of a new datacenter in North America.

Interest paid for the year was £31.3k (9m2012: £5.1k).

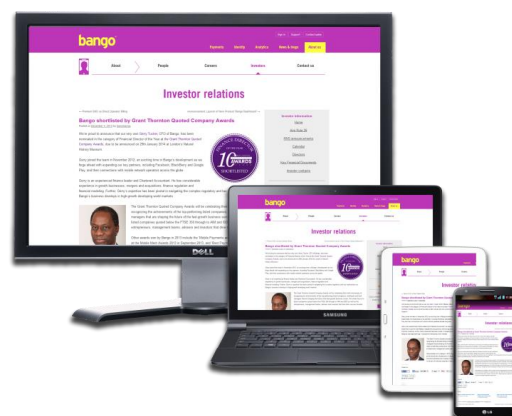
Bango's cash balances included balances denominated in foreign currencies (primarily US Dollars and Euros).

At 31 December 2013 Bango had bank facilities related to BACS processing of £0.2m (at 31 December 2012: £0.2m), cash balances of £5.1m (at 31 December 2012: £2.3m) and total finance leases of £0.4m (at 31 December 2012: £0.1m).

Gerry Tucker

CFO

Visit Bango Investor online:
bangoinvestor.com



Progress report

Bango's payment, identity and analytics technologies enable the world's biggest app stores and content providers to monetize content on mobile devices. Bango's pervasive presence across the web creates a unique platform effect for our partners, automatically identifying and billing hundreds of millions of their users, who benefit from frictionless, one-click payments. The period January 2013 to December 2013 saw Bango make significant progress across its key industry sectors.

App stores

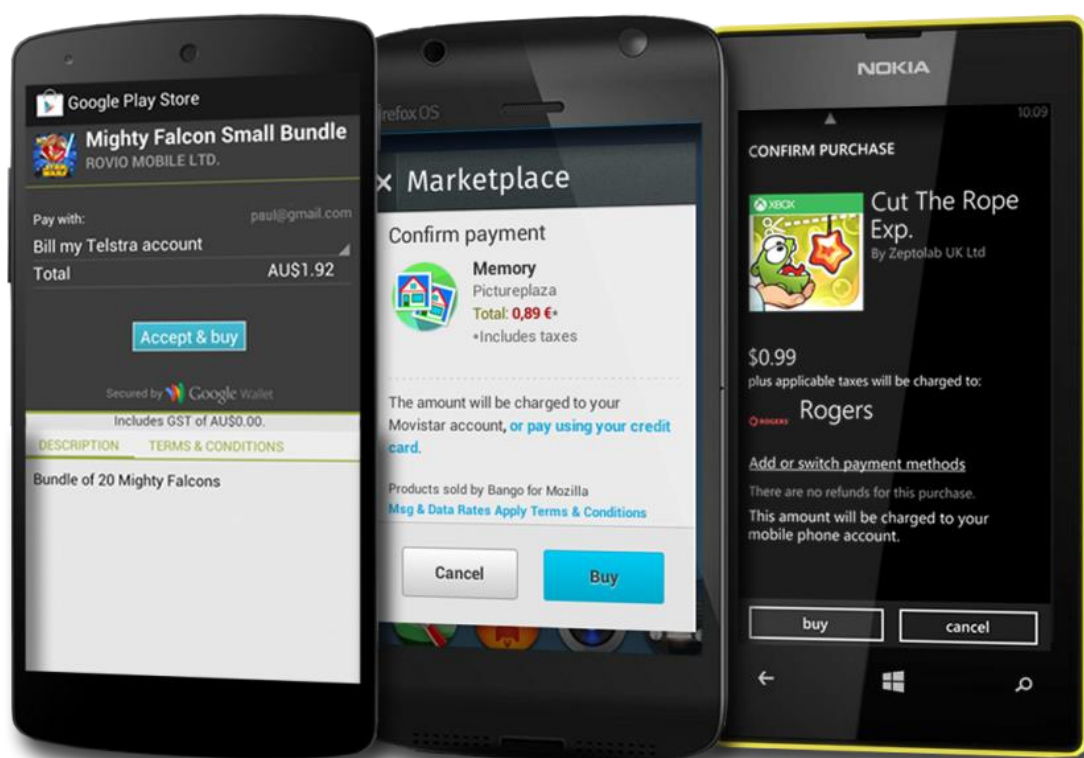
2013 saw Bango widen the mobile payments service provided to Google Play, Windows Phone Store, BlackBerry Play World and other global app stores, launching in dozens of new markets.

Bango's first Google Play and Windows Phone Store integrations in late 2012 were followed up with several new integrations throughout the year in

countries including Indonesia, Canada and Mexico. Bango worked closely with BlackBerry through the launch of BlackBerry 10, and several new launches throughout the year brought the total number of BlackBerry integrations to more than 60.

The world's newest app store, Mozilla's Firefox Marketplace, launched in mid-

2013. Bango was proud to be selected as Mozilla's launch partner, providing operator billing and other billing options for launch markets in Latin America and Europe. This represented the first time that operator billing had been adopted by an app store from launch and was a powerful endorsement of Bango's billing approach.



Bango's payment, identity and analytics technologies enable the world's biggest app stores and content providers to monetize content on mobile devices

Mobile web

Beyond app stores, Bango has identified a significant market opportunity from the second tier of mobile content merchants, as they look to experiment with the new and flexible billing models

that Bango enables. Bango has invested to build its capabilities for this “general merchant” sector during 2013. Early client wins include SyQic, the leading Mobile TV Service, which provides live

and on-demand international video content, branded as ‘Yoonic’, to international migrant audiences.

Mobile Network Operators

Bango focuses on key operator partnerships within local markets, which enables partners to offer paid content where it was not previously viable.

Bango made exceptional progress in launching new Mobile Network Operator (MNO) integrations during 2013. Bango announced that it had exceeded 100 integrations in March and ended the year with in excess of 120 direct integrations, an increase of more than one third through the year. Many of these new integrations were in

strategically important growth markets, such as Singapore, Malaysia, Columbia, Venezuela and Poland.

As smartphones increase their penetration in developing world markets, and with operator billing being suited to markets with low credit card penetration, Bango has seen increased interest from local MNOs in developing markets. Examples in 2013 included DiGi in Malaysia, Globe in the Philippines and DTAC in Thailand.

Bango built on the Global Framework Agreement signed with Telefónica at the end of 2012, working closely with them to launch operator billing in the Firefox Marketplace launch markets in Latin America and Europe.

Other new MNO integrations during the year included several of the dominant operators in the world’s largest mobile markets, including Bouygues, Etisalat, EE, Indosat, Ooredoo, T-Mobile and Verizon.



Bango has seen increased interest from local MNOs in developing markets. Examples in 2013 included DiGi in Malaysia, Globe in the Philippines and DTAC in Thailand

Products

Bango technology integrates the world's leading app stores and merchants directly to Mobile Network Operators (MNOs), credit cards and other online payments.

The **Bango Payment Platform** directly integrates **major app stores** with MNOs via comprehensive web service APIs.

Bango is the only mobile payment company directly integrated with **Google Play, Amazon, Windows Phone Store, BlackBerry World, and Mozilla Firefox Marketplace**. Bango is the sole supplier to Amazon, BlackBerry and Mozilla.

Bango has more than **120** operator billing integrations in over **50** countries. All of these are high quality direct billing integrations. Legacy Premium SMS technology is never used and third party intermediaries are always avoided.

Our highly flexible platform manages all the merchant of record, taxation and settlement complexities, large-scale developer on-boarding and mass out payment of earnings.

The **Bango Payment Flow** uses the Bango Payment Platform to uniquely deliver **app store quality** payments to general merchants, developers and brands.

Only Bango offers merchants *exactly the same* mobile billing technology and operator integrations used by the major app stores. Merchants benefit from the same proven systems, data centers and monitoring processes, ensuring their customers get the finest app store quality payment experience.

The Bango Payment Flow delivers more one-click payments than standard payment solutions, far more than an operator can achieve directly. Our unique user identification technology analyzes hundreds of millions of customers visiting and paying through thousands of stores, allowing Bango to automatically authenticate customers for operator billing as they visit new stores and merchants, even over Wi-Fi.

The new **Bango Dashboard** provides **Mobile Network Operators** with a unique three dimensional view of their subscribers' digital content purchases across the world's largest app stores.

Bango Dashboard leverages proven mobile analytics technology to reveal precise details about products sold and the customers purchasing them. It enables operators to: manage their billing systems; accurately measure and compare app store relationships and; build engagements with subscribers through a precise understanding of their purchase behavior.

App stores retain control over which data is revealed using a Disclosure Control feature, allowing them to conceal selected details as required.

Bango plans to widen the Dashboard offerings over the coming period to cater for other groups in the mobile content value chain, including app stores and merchants.

Business model

The **Bango Payment Platform** and **Bango Payment Flow** enable major app stores and merchants to sell digital goods and services to end users 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 costs (~5% to 25%). Bango takes care of required tax and currency conversions, based on the content provider and country of origin.

Bango earns a margin for processing each payment, usually between 2% and 5% based on transaction volumes and complexity. Currency conversion fees

and out-payment bank charges may apply. Bango pays the remaining money to the app store or merchant according to an agreed schedule.

Optionally, an app store may ask Bango to manage and pay earnings to their individual developers, as undertaken for BlackBerry World and Mozilla Firefox Marketplace. In this model a developer typically receives 70% of the price paid and the remaining percentage is paid to the app store.

Platform services include monthly charges 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 partner requirements. Bango charges an additional fee to setup, manage and pay developers.

Bango Dashboard is offered on a subscription basis, beginning with a basic executive view package and with additional packages tailored to specialist teams. The product is available immediately for all transactions processed using Bango Payments and no additional integration work is required. It can be extended to measure any app store or merchant payments not processed by Bango, or to measure third party billing solutions.

Bango is the only mobile payment company directly integrated with Google Play, Amazon, Windows Phone Store, BlackBerry World, and Mozilla Firefox Marketplace

Key market developments

Smartphone shipments came close to 1 billion units in 2013, which compares to 725.3 million smartphones shipped in 2012, an increase of 38.4%.

Significant 2013 developments include:

- 78% of smartphones shipped globally were Android (65% in 2012). 16% were Apple iOS (20% in 2012), 3% were Windows Phone (2% in 2012) and 2% were BlackBerry (5% in 2012)
- Samsung increased their dominance in 2013 with 31.5% market share (30.8% in 2012), shipping 311.4 million units (215 million in 2012). Followed by Apple at 15.5% (19.5% in 2012). Huawei at 5.3% (4.6 in 2012), LG with 4.8% (4.6% in 2012) and Lenovo with 4.7% (3.6% in 2012). ZTE, Sony, Coolpad, Nokia then HTC account for the remaining top 10
- Smartphone shipments exceeded feature phones for the first time in 1q2013. IDC reported 216.3 million smartphones compared to 202.4 million feature phones
- The tablet market grew 36.7% in 3q2013 with Apple shipping 14.1 million iPads, accounting for 29.6% of the market. This saw volume grow 0.6% from 3q2012
- Android tablets saw the biggest growth during 2013. Samsung shipped 9.7 million units in 3q2013, accounting for 20.4% of the market (up 123% over Q3 2012). 7.4% were Asus (up 53%), 4.8% were Lenovo (up 420.7%) and 2.5% were Acer (up 346.3%)
- PCs still outsold tablets, but IDC predict this will switch by 4q2015
- Low cost handsets came to the fore in 2013. China and India became the fastest growing
- smartphone countries, where sub \$150 smartphones are a majority
- Mozilla Firefox OS successfully launched as an affordable smartphone alternative. Jolla released their Sailfish based smartphone, but Ubuntu and Tizen failed to launch in 2013
- Mediacells predicted that users in India and China will buy more than 500 million smartphones in 2014, with over 400 million new users. Their top 10 smartphone countries for 2014 are China, India, USA, Brazil, Indonesia, Russia, Japan, Mexico, Germany and France
- 2013 saw Microsoft acquire the Nokia phone business
- US mobile operators announced Premium SMS would not be used for payments from the start of 2014. See <http://bango.com/bob/>

Sources include IDC, Mediacells and TomiAhonen Consulting.



Directors



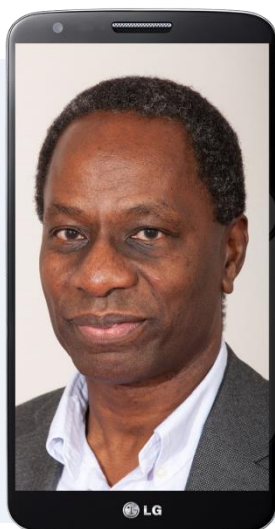
Ray Anderson, CEO

Ray has over 30 years experience in starting, growing and selling businesses. He was named 'Business Person of the Year' in March 2012. 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. Prior to Bango 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, CMO

Anil has responsibility for all of Bango's marketing activities and its strategic alliances with major partners, including device makers, app store providers and global network operators. He has extensive experience of creating successful partnerships between fast moving technology innovators and major market players in online content and connected devices. Before co-founding Bango, Anil worked on the development of major partnerships for Cyberlife Technology, one of Europe's leading computer games technology developers, which resulted in the licensing of the company's 'artificial life' technology by the world's leading games publishers. Before that he worked with Bango CEO Ray Anderson to establish a technology called X.desktop, a global standard for the user interface on networked computers.



Gerry Tucker, CFO

Gerry is an experienced finance leader and Chartered Accountant, with an extensive computer games industry background and public company experience. He has considerable experience in mergers and acquisitions, finance regulation, financial modelling and growth businesses, having taken a firm from start-up to £300 million in 5 years. Gerry was shortlisted for 'Financial Director of the Year' at the Grant Thornton Quoted Company Awards 2014. He has worked with several trading, software and games companies. Previous senior financial and operational positions include CFO of PLUS Markets Group and other high-level positions at Kuju Entertainment, Activision, Vodafone Ireland and Deloitte.



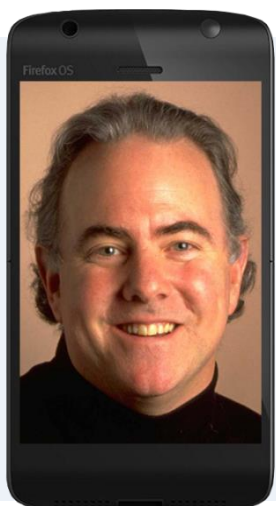
David Sear, Chairman & Non-executive Director

David is CEO of Weve, a joint venture between the UK's three largest mobile network operators. He 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 co-founder and CEO of Psonar, the internet music service. He is also founder and a managing director of ET Capital, an early investor in the Company. He has been investing in innovative technology businesses for over 25 years, principally in network services, software and hardware. He is Non-executive Chairman of FSE Fund Managers and an advisory board member of the Bettany Centre for Entrepreneurship at Cranfield University.



Rudy Burger, Non-executive Director

Rudy has founded five companies in the digital media technologies sector and is currently the Managing Partner of Woodside Capital, an investment bank for emerging growth companies. 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
Directors	Mr D Sear - Non-executive Chairman Mr R Anderson - CEO Mr A Malhotra - CMO Mr G Tucker – 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 Botanic House, 100 Hills Road Cambridge CB2 1PH
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory 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 5 th Floor, 33 King William Street London EC4R 9AS
US office	20 West 22 nd Street Suite 906 New York, NY 10010 Tel: +1 866 528 6897 www.bango.com investors@bango.com

Strategic report

Principal activities and business review

The principal activity of Bango during the year was the development, marketing and sale of technology to enable mobile phone users to easily make payments for digital content and media on smartphones and tablets.

The principal activity of Bango PLC during the year was as investment holding company for Bango.net Limited and other subsidiaries. The Bango Group includes Bango.net Limited, Bango Inc, Bango Movil, Bango SP Limited and Bango Employee Benefits Limited.

A review of the Group's performance for the year ended 31 December 2013 and future developments is contained in the Chairman's statement, CFO's statement and the CEO's statement on pages 3 to 9.

The directors have amended the presentation of the financial statements this year to include end user spend, a Key Performance measure. End user spend does not take into account the contractual arrangements in place but reports the total transaction value processed.

Strategy and business model

The Bango strategy is to power the market leaders, delivering growth through supporting mobile billing transactions to a global market of leading app stores and independent digital merchants. Bango delivers this strategy through integrating into app stores and mobile operators around the world.

Our budgets and going concern reviews are based on a revenue model that looks at end user spend through the Bango Payments Platform and Bango platform service fees. The Bango platform service fees come from integration and development work, which then result in further growth to the end user spend margin. Details of the margin from the two revenue streams are shown in note 4. We are investing in our platform to make it highly scalable to support the growth from end user spend expected in the year.

Key Performance Indicators (KPI's)

KPI's are used to control and measure financial and operational performance. They are reviewed to ensure that plans are achieved and corrective action taken where necessary.

The financial KPI's are end user spend, end user spend margin, gross profit, net profit and cash balances.

The non financial KPI's are relationships with Mobile Operators and leading App stores.

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

Financial risk management objectives and policies

Bango monitors the financial risks to which it is exposed through its business activities. Bango does not consider it necessary to use derivative financial instruments to hedge these risks. See notes 6, 19, 20 and 21 for further information.

Liquidity risk

Bango ensures sufficient liquidity is available to meet foreseeable needs and invests 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. See note 19 for further information

Currency risk

Overseas currency sales are largely offset by costs in the same currency, therefore 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 year.

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 turnover from the end user is subject to influence by the payment providers. The Group manages risk through regular dialogue and investment in relationship with, payment providers and digital merchants. The Group manages payment risk by undertaking regular credit risk analysis using third parties, combined with other sources of market intelligence and monitoring of payment performance.

Employee Retention

Bango depends on its ability to recruit and retain people with the right experience and skills. Bango puts significant effort into providing an excellent working environment and benefits, including a share option scheme (notes 7 & 12).

Gender of directors and senior managers

Bango has 3 male non-exec directors, 3 male exec directors and 7 key senior managers of which 3 identify as female and none as transgender.

BY ORDER OF THE BOARD



Company Secretary
Mr H Goldstein

Directors' report

The Directors present the Annual report and audited financial statements of Bango PLC for the year ended 31 December 2013.

The inclusion of a Strategic report in the group Annual report has resulted in some disclosures now being included in the strategic report rather than the Directors' report.

Going concern

The Group had cash of £5.11m at 31 December 2013 (31 December 2012: £2.32m) and financing debt of £0.43m (31 December 2012: £0.1m). Significant investment in technology development continues to be made. Bango raised £6m net of expenses at the beginning of 2013. Based on the new monies raised the Group has sufficient cash funding in place to be able to support its investment for future growth. The cashflow forecasts of Bango anticipate increased cash generation from trading operations, therefore the Directors have a reasonable expectation that there are 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 and their interests

The Directors who served Bango during the year, together with their beneficial interests in the shares of Bango were as follows:

	Ordinary shares of 20p each 31 Dec 2013	Ordinary shares of 20p each 31 Dec 2012
Mr D Sear	-	-
Mr R Anderson	6,624,036	6,624,036
Mr A Malhotra	4,022,000	4,027,000
Mr M Rigby	14,067	17,334
Mr G Tucker	8,231	-
Dr R Burger	-	-

The Directors' interests in share options of Bango were as follows:
Options to buy ordinary shares of 20p each

Date of grant	Option price	31 Dec 2013	31 Dec 2012
Mr G Tucker			
26 March 2013	£2.325	132,500	-
4 October 2013	£1.260	32,500	-
Total		165,000	-
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.

Share capital

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

Directors' indemnity arrangements

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

Directors.

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.

The Group supports the training needs of its staff and actively works to provide on the job and external training to continue the development of all staff. It is important to the Group to maintain an exciting and interesting working environment to fully engage its staff.

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 22 and 45, 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 IFRSs and UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.

Directors' report

- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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.

The Directors confirm that:

- 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 as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Auditor

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

BY ORDER OF THE BOARD



Company Secretary
Mr H Goldstein

Corporate governance statement

Audit Committee

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

The Committee's main role and responsibilities are to:

- Monitor the integrity of the financial statements of Bango.
- Review Bango'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.

Bango 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 Bango'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 checks 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 Bango'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 funding secured by the placement in February 2013. Due to new customers signed in the year Bango expect to see a reduction in the net cash used by operating activities. Gross profit is expected to increase as a result of this 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 CEO and CFO to attend meetings of the Remuneration Committee. The CEO is consulted on proposals relating to the remuneration of the CFO and of other senior executives of the Group. The CEO 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

Bango'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 Bango'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

Bango 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 December 2013 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 December 2013 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 18, 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 December 2013 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 Strategic Report and 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 under the Companies Act 2006 we are required 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 December 2013.

Paul Naylor, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
17 March 2014

Consolidated balance sheet

	Note	31 Dec 2013 £	31 Dec 2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	709,632	638,662
Intangible assets	5	3,377,872	3,277,947
		<u>4,087,504</u>	<u>3,916,609</u>
Current assets			
Trade and other receivables	6	1,988,687	2,191,349
Research and Development tax credits		189,904	359,113
Cash and cash equivalents		5,110,366	2,327,444
		<u>7,288,957</u>	<u>4,877,906</u>
Total assets		<u><u>11,376,461</u></u>	<u><u>8,794,515</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	9,122,069	8,346,604
Share premium account		17,684,376	11,842,076
Merger reserve		1,236,225	1,236,225
Other reserve		1,968,834	1,493,876
Accumulated losses		(21,149,056)	(16,409,584)
Total equity		<u><u>8,862,448</u></u>	<u><u>6,509,197</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	2,086,485	2,146,363
Finance lease liabilities	9	147,246	21,778
		<u>2,233,731</u>	<u>2,168,141</u>
Non-current liabilities			
Finance lease liabilities	9	280,282	117,177
		<u>280,282</u>	<u>117,177</u>
Total liabilities		<u>2,514,013</u>	<u>2,285,318</u>
Total equity and liabilities		<u><u>11,376,461</u></u>	<u><u>8,794,515</u></u>

These financial statements were approved by the Directors on 17 March 2014 and are signed on their behalf by:

Mr R Anderson
Director

Mr G Tucker
Director

Company registration number 05386079

The notes on pages 27 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Alternative performance measure (Non-IFRS)			
End user spend	4	15,551,220	6,194,075
Turnover	4	8,788,454	7,351,946
Attributable to digital merchants	4	(5,082,905)	(4,156,457)
		<u>3,705,549</u>	<u>3,195,489</u>
Cost of sales – payment providers	4	(1,637,202)	(1,613,514)
Gross profit		<u>2,068,347</u>	<u>1,581,975</u>
Other administrative expenses	10	(5,086,996)	(3,291,669)
Share based payments	10	(474,958)	(252,718)
Depreciation	5	(408,030)	(184,027)
Amortization	5	(1,032,341)	(423,396)
Total administrative expenses		<u>(7,002,325)</u>	<u>(4,151,810)</u>
Operating loss		<u>(4,933,978)</u>	<u>(2,569,835)</u>
Interest payable	11	(31,304)	(5,091)
Investment income	14	35,906	6,513
Loss before taxation	11	<u>(4,929,376)</u>	<u>(2,568,413)</u>
Income tax	15	189,904	162,665
Loss and total comprehensive loss for the financial year		<u>(4,739,472)</u>	<u>(2,405,748)</u>
Attributable to equity holders of the parent		<u>(4,739,472)</u>	<u>(2,405,748)</u>
Loss per share attributable to the equity holders of the parent			
Basic loss per share	16	(10.53)p	(5.91)p
Diluted loss per share	16	(10.53)p	(5.91)p

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

The notes on pages 27 to 44 are an integral part of these consolidated financial statements

Consolidated cash flow statement

	Note	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Net cash used by operating activities	17	(2,526,074)	(1,581,427)
Cash flows used by investing activities			
Purchases of property, plant and equipment		(479,000)	(359,532)
Addition to intangible assets		(1,132,266)	(904,097)
Interest received		35,906	6,513
Net cash used by investing activities		(1,575,360)	(1,257,116)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		6,977,478	3,557,902
Costs associated with issuance of ordinary shares		(359,713)	(198,212)
Interest payable		(31,304)	(5,091)
Capital payable on finance lease obligations		(81,189)	(4,821)
Capital from finance lease obligations		369,762	-
Net cash generated from financing activities		6,875,034	3,349,778
Net increase in cash and cash equivalents		2,773,600	511,235
Cash and cash equivalents at beginning of year		2,327,444	1,794,164
Exchange differences on cash and cash equivalents		9,322	22,045
		2,336,766	1,816,209
Cash and cash equivalents at end of year		5,110,366	2,327,444

The notes on pages 27 to 44 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 2012	7,733,465	9,095,525	1,236,225	1,241,158	(14,003,836)	5,302,537
Share based payments	-	-	-	252,718	-	252,718
Exercise of share options	142,139	195,863	-	-	-	338,002
Issue of shares	471,000	2,550,688	-	-	-	3,021,688
Transactions with owners	613,139	2,746,551	-	252,718	-	3,612,408
Loss for the period	-	-	-	-	(2,405,748)	(2,405,748)
Total comprehensive income for the period	-	-	-	-	(2,405,748)	(2,405,748)
Balance at 31 December 2012	8,346,604	11,842,076	1,236,225	1,493,876	(16,409,584)	6,509,197
Balance at 1 January 2013	8,346,604	11,842,076	1,236,225	1,493,876	(16,409,584)	6,509,197
Share based payments	-	-	-	474,958	-	474,958
Exercise of share options	125,465	352,012	-	-	-	477,477
Issue of shares	650,000	5,490,288	-	-	-	6,140,288
Transactions with owners	775,465	5,842,300	-	474,958	-	7,092,723
Loss for the year	-	-	-	-	(4,739,472)	(4,739,472)
Total comprehensive income for the year	-	-	-	-	(4,739,472)	(4,739,472)
Balance at 31 December 2013	9,122,069	17,684,376	1,236,225	1,968,834	(21,149,056)	8,862,448

The notes on pages 27 to 44 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 16. 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 December 2013 (including the comparatives for the 9 month period year ended 31 December 2012) were approved by the Board of Directors on 17 March 2014. Bango changed its accounting year end last year to make its accounts more understandable by key stakeholders globally. Therefore, it is highlighted that comparative figures are for nine months and not one year.

2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and under the basis of going concern.

Bango has prepared its Report and accounts for the year ended 31 December 2013, 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 3.19.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango. 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 3.15.

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2013. There was no impact on the presentation of financial statements of Bango Plc other than in disclosure. No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2014, or later periods, have been adopted early. The Directors do not believe that the adoption of these standards and interpretations would have a material impact on the Group's financial statements.

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 remained consistent and aims to provide a 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.

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 are 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

Property plant and equipment also include computer equipment held under finance leases. A sale and leaseback transaction took place in the year, with the subsequent lease being treated as a finance lease (note 3.10).

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 Bango'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.
- Bango intends to complete the intangible asset and use or sell it.
- Bango 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.

Notes to the financial statements

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, as well as a proportion of attributable overhead costs. These costs are recognized as intangible assets. Development costs previously recognized as an expense are not included in the amount 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. 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. Until completion of the development project, when amortization can be charged on the intangible asset, the assets are subject to an annual impairment test.

3.6 Loans and receivables

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand, together with other short term highly liquid investments.

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 Finance lease agreements

Assets held by the group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments.

Minimum lease payments made under finance leases are apportioned between the financial expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Revenue recognition

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

3.11.1 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 Bango 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.

3.11.2 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.

Notes to the financial statements

The nature of Bango's business is that it facilitates a large volume of transactions in which content developed by a range of digital merchants 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.

Risks and rewards typically include, to varying degrees, digital merchant 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 disclose in the turnover figure a blend of end user activity as both agent and principal, depending on the substance of the underlying contracts. Where Bango is principal the gross value of the transaction is shown, with the associated amounts due to digital merchants and payment providers separately detailed. Under the agency relationships only the margin is reported in the turnover figure, therefore there are no associated costs displayed.

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. If Bango were entirely principal, revenue would be turnover, if Bango were entirely agent, revenue would be the net amount.

3.11.3 Platform fees

Platform fees includes revenue from the sale of access licences to digital merchants and is recognized evenly over the period of the contract since the services are provided evenly over this period.

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

Platform fees also includes revenue from services provided to mobile phone operators and digital merchants 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.

3.12 End user spend

In order to assist users of the financial statements there has been a change in presentation with end user spend in the year being reported. This is reported in the consolidated statement of comprehensive income, because end user spend is the key performance indicator that management use to monitor transactions. The end user spend represents the gross end user activity through the Bango system, excluding VAT and is the key measurement for transactions processed by Bango in a year.

3.13 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.

3.14 Share-based payment transactions

Bango 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 Bango'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. No adjustment is made for performance conditions as these do not form a condition of the option agreement.

If the terms of an equity-settled transaction were to be modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense would be 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.

3.15 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.

3.16 Segment reporting

In identifying Bango operating segments the chief operating decision maker reviews two service lines. These are the provision of a mobile payment platform allowing end users to purchase content, and the provision of services to digital merchants 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.

3.17 Financial instruments

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.

Notes to the financial statements

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

3.18 Share capital and reserves

Share Capital

Ordinary shares are classified as equity. Equity instruments issued by Bango Plc 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 recognized over the vesting period.

Retained earnings

Retained earnings include all current and prior period retained profits.

3.19 Significant accounting estimates and judgements

Revenue recognition

As discussed in policy note 3.11 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 digital merchants. As set out in 3.11.2, 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.

Deferred tax

A deferred tax asset is recognized where Bango 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 £3,377,872 (2012: £3,277,947).

No impairment is recognised based on current estimates of future revenue streams expected to be derived from the development work that has been capitalized. Development costs have been derecognised relating to a specific project because no future economic benefits are expected from its use beyond 2014.

3.20 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 Bango's financial statements.

IFRS 10 Consolidated Financial Statements (effective date financial year commencing on/after 1 January 2014).

IAS 27 (revised) Separate Financial Statements (effective date financial year commencing on/after 1 January 2014).

Amendments to IAS 32 offsetting financial assets and financial liabilities (effective date financial year commencing on/after 1 January 2014).

Amendments to IFRS 10 transition guide (effective date financial year commencing on/after 1 January 2014).

Amendments to IAS 36 Recoverable amount disclosures for non-financial assets (effective date financial year commencing on/after 1 January 2014).

All standards and interpretations are not expected to have any significant impact on the financial statements when applied.

3.21 Related party transactions

Bango's related parties include its directors and key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The only transactions with directors are noted in the directors remuneration note in the accounts, see note 13. There was minimal trading in the year with Psonar Ltd whose board includes some of the directors of Bango Plc.

Notes to the financial statements

4 Segment reporting

(a) End user spend

Bango has identified End user spend a non IFRS alternative performance measure as its key performance indicator on which all management decisions surrounding investment in the platform and development of intangible assets is based. Due to the complex contracts in place the turnover figure in the accounts is a mixture of gross transaction value where Bango is principal and margin only where Bango is the agent. This is to comply with relevant accounting rules, however, the key business decisions are based on the total value and volume of transactions that Bango has processed in each month through its payment platform. Therefore, to give additional information to key stakeholders of our accounts, we have included this additional reporting in order to assist users of our financial statements.

	12 months to 31 Dec 2013	9 months to 31 Dec 2012
	£	£
End user spend	15,551,220	6,194,075

(b) Turnover and gross profit

Bango, based on the information reviewed by to the chief operating decision maker, 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 Bango's headquarters and its research and development activity are considered group operations and are not allocated to any operating segment. Segment information can be analyzed as follows for the reporting periods under review.

12 months to 31 December 2013

	End user activity	Platform fees	Group	Total
	£	£	£	£
Segment turnover	7,074,780	1,713,674	-	8,788,454
Attributable to digital merchants	(5,082,905)	-	-	(5,082,905)
Cost of sales – payment providers	(1,637,202)	-	-	(1,637,202)
Segment gross profit	354,673	1,713,674	-	2,068,347
Administrative expenses	-	-	(5,086,996)	(5,086,996)
Share based payments charge	-	-	(474,958)	(474,958)
Depreciation	-	-	(408,030)	(408,030)
Amortization	-	-	(1,032,341)	(1,032,341)
Interest payable	-	-	(31,304)	(31,304)
Interest income	-	-	35,906	35,906
Segment net profit/ (loss)	354,673	1,713,674	(6,997,723)	(4,929,376)
Segment assets	1,385,711	44,922	9,945,828	11,376,461
Segment liabilities	(1,086,442)	-	(1,427,571)	(2,514,013)
Net assets	299,269	44,922	8,518,257	8,862,448

Notes to the financial statements

9 months to 31 December 2012

	End user activity	Platform fees	Group	Total
	£	£	£	£
Segment turnover	5,994,899	1,357,047	-	7,351,946
Attributable to digital merchants	(4,156,457)	-	-	(4,156,457)
Cost of sales – payment providers	(1,613,514)	-	-	(1,613,514)
Segment gross profit	224,928	1,357,047	-	1,581,975
Administrative expenses	-	-	(3,291,669)	(3,291,669)
Share based payments charge	-	-	(252,718)	(252,718)
Depreciation	-	-	(184,027)	(184,027)
Amortization	-	-	(423,396)	(423,396)
Interest payable	-	-	(5,091)	(5,091)
Interest income	-	-	6,513	6,513
Segment net profit/ (loss)	224,928	1,357,047	(4,150,388)	(2,568,413)
Segment assets	1,414,023	229,964	7,150,528	8,794,515
Segment liabilities	(1,477,874)	(40,930)	(766,514)	(2,285,318)
Net (liabilities)/ assets	(63,851)	189,034	6,384,014	6,509,197

Included within the end user segment turnover is £6.33m (9 months ended 31 December 2012 £4.02m) relating to a major strategic partner, whilst there were two partners who contributed £0.28m (9 months ended 31 December 2012 £0.16m) and £0.81m (9 months ended 31 December 2012 £0.44m) to platform fees revenue.

End user activity is the content access fees paid by end users for accessing chargeable content provided by digital merchants, adjusted to take account of whether Bango is agent or principal in the transactions. Gross profit for this segment is after both digital merchant 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 digital merchants for provision of content sold by Bango to end users.

Platform fees are the amounts paid to Bango by digital merchants 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.

(c) Geographical analysis

Bango's turnover from external customers is divided into the following geographical areas. Non-current assets are based in the UK, except for £8,462 of property, plant and equipment held at the New York office.

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
United Kingdom (country of domicile)	1,459,475	1,819,016
EU	528,314	601,177
USA and Canada	3,867,595	3,447,070
Rest of World	2,933,070	1,484,683
	8,788,454	7,351,946

Segment turnover is based on the location of the customers. Of which in platform fees £0.81m (9 months ended 31 December 2012 £0.44m) came from a strategic partner based in the USA and Canada, and £0.28m (9 months ended 31 December 2012 £0.16m) came from a strategic partner based in the USA and Canada. All turnover from end users is spread over many territories.

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 2012	190,922	113,411	1,163,960	1,468,293
Additions	-	1,246	502,062	503,308
At 31 December 2012	<u>190,922</u>	<u>114,657</u>	<u>1,666,022</u>	<u>1,971,601</u>
Depreciation				
At 1 April 2012	180,715	79,099	889,098	1,148,912
Charge for the 9 month period	2,136	6,420	175,471	184,027
At 31 December 2012	<u>182,851</u>	<u>85,519</u>	<u>1,064,569</u>	<u>1,332,939</u>
Net book value				
At 31 December 2012	<u>8,071</u>	<u>29,138</u>	<u>601,453</u>	<u>638,662</u>
	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2013	190,922	114,657	1,666,022	1,971,601
Additions	6,733	24,227	448,040	479,000
At 31 December 2013	<u>197,655</u>	<u>138,884</u>	<u>2,114,062</u>	<u>2,450,601</u>
Depreciation				
At 1 January 2013	182,851	85,519	1,064,569	1,332,939
Charge for the year	3,185	11,369	393,476	408,030
At 31 December 2013	<u>186,036</u>	<u>96,888</u>	<u>1,458,045</u>	<u>1,740,969</u>
Net book value				
At 31 December 2013	<u>11,619</u>	<u>41,996</u>	<u>656,017</u>	<u>709,632</u>

Included in property, plant and equipment at year end were £305,226 of assets held under finance leases (period ended 31 December 2012: £123,808). Depreciation is shown within administrative expenses in the income statement. Financial lease liabilities are secured on the assets to which they relate.

Notes to the financial statements

5.2 Intangible assets

	Domain Names	Internal Development	Total
	£	£	£
Cost			
At 1 April 2012	32,887	3,366,694	3,399,581
Additions	-	904,097	904,097
At 31 December 2012	<u>32,887</u>	<u>4,270,791</u>	<u>4,303,678</u>
Amortization			
At 1 April 2012	32,887	569,448	602,335
Charge for the 9 month period	-	423,396	423,396
At 31 December 2012	<u>32,887</u>	<u>992,844</u>	<u>1,025,731</u>
Net book value			
At 31 December 2012	<u>-</u>	<u>3,277,947</u>	<u>3,277,947</u>

	Domain Names	Internal Development	Total
	£	£	£
Cost			
At 1 January 2013	32,887	4,270,791	4,303,678
Additions	-	1,132,266	1,132,266
De recognition of intangible assets	-	(994,985)	(994,985)
At 31 December 2013	<u>32,887</u>	<u>4,408,072</u>	<u>4,440,959</u>
Amortization			
At 1 January 2013	32,887	992,844	1,025,731
Charge for the year	-	1,032,341	1,032,341
De recognition of intangible assets	-	(994,985)	(994,985)
At 31 December 2013	<u>32,887</u>	<u>1,030,200</u>	<u>1,063,087</u>
Net book value			
At 31 December 2013	<u>-</u>	<u>3,377,872</u>	<u>3,377,872</u>

Amortization is shown within administrative expenses in the income statement. The company regularly reviews its intangible assets to ensure that they are not impaired through regular impairment testing in line with IFRS 34. Assets are reviewed in relation to the revenue that will be generated from them as a discreet product. They are therefore separately assessed for signs of impairment.

During the year Bango accelerated amortization and derecognized some older intangible assets that related to specific developments to the Bango payment platform for customers that are not expected to contribute to revenue significantly beyond 2014.

Notes to the financial statements

6 Trade and other receivables

	31 Dec 2013 £	31 Dec 2012 £
Trade receivables	767,170	900,215
Other receivables	180,250	146,043
Prepayments and accrued income	1,054,287	1,198,531
Total	2,001,707	2,244,789
Impairment of trade receivables	(13,020)	(53,440)
	<u>1,988,687</u>	<u>2,191,349</u>

At 31 December 2013, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2013 £	31 Dec 2012 £
Not more than one month	46,963	170,731
One to two months	88,794	-
Three to twelve months	25,389	-
More than twelve months	-	-
	<u>161,146</u>	<u>170,731</u>

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 digital merchants 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.

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:

	31 Dec 2013 £	31 Dec 2012 £
Brought forward provision	53,440	8,856
Debts written off in the year	(82,420)	(96,217)
Increase in provision	42,000	140,801
Carry forward provision	<u>13,020</u>	<u>53,440</u>

Notes to the financial statements

7 Share capital and employee share options

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 31 March 2012	38,667,322	7,733,465
Issue of new shares	2,355,000	471,000
Exercise of share options	610,695	122,139
Exercise of share warrants	100,000	20,000
As at 31 December 2012	41,733,017	8,346,604
Issue of new shares	3,250,000	650,000
Exercise of share options	627,326	125,465
As at 31 December 2013	45,610,343	9,122,069

During the year 627,326 share options were exercised at exercise prices between 29 pence and 202 pence and a par value of 20 pence per share. The total proceeds were £477,477 of which £125,465 was recognized as share capital and £352,012 as share premium.

In February 2013 Bango PLC issued 3,250,000 ordinary shares of 20 pence each at market price of 200 pence per share with existing investors raising £6.5m gross and £6.1m net of expenses of £0.4m.

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.

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

	12 months to 31 Dec 2013		9 months to 31 Dec 2012	
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 January 2013	82	2,745,361	89	3,011,920
Granted	184	930,875	181	406,500
Lapsed	145	(203,914)	120	(62,364)
Exercised	76	(627,326)	47	(610,695)
Outstanding at 31 December 2013	132	2,844,996	82	2,745,361
Exercisable at 31 December 2013	105	1,630,154	73	1,950,192

The weighted average share price at date of exercise of options exercised during the year was 181.14 pence (2012: 182.91 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 54.25 – 91.13 pence. Significant inputs into the model include a weighted average share price of 186.05 pence (31 December 2012: 181.52 pence) at the grant date, the exercise prices, volatility of 52.46-54.87% (31 December 2012: 54.81-55.38%), dividend yield of nil (31 December 2012: nil), an expected option life of five years (31 December 2012: five years) and an annual risk-free interest rate of 0.75-1.60% (31 December 2012: 0.63-0.78%).

For the most recent share awards there was sufficient share price data for Bango PLC to calculate the company's volatility, which is based on five years historical, compounded daily share price variances.

Notes to the financial statements

At 31 December 2013, Bango PLC had the following outstanding options and exercise prices:

		Average exercise price per share	Options	31 Dec 2013 Remaining Contractual Life	Average exercise price per share	Options	31 Dec 2012 Remaining Contractual Life
Expiry date		Pence	Number	Months	Pence	Number	Months
27 February	2014	29.00	67,500	2	29.00	92,500	14
28 August	2014	50.00	14,000	8	50.00	14,000	20
18 February	2015	50.00	76,000	14	50.00	86,000	26
1 March	2015	50.00	-	14	50.00	30,000	26
21 September	2015	202.00	74,000	21	202.00	124,000	33
1 March	2016	177.50	30,000	26	177.50	51,000	38
25 May	2016	140.00	158,250	29	140.00	210,000	41
9 October	2016	106.50	26,000	33	106.50	33,500	45
22 March	2017	50.00	-	39	50.00	76,250	51
23 March	2017	50.50	107,000	39	50.50	118,750	51
19 September	2017	41.00	110,250	45	41.00	124,000	57
31 January	2018	23.00	59,917	51	23.00	159,917	63
15 October	2018	53.50	58,750	58	53.50	68,750	70
19 February	2019	44.00	62,500	62	44.00	131,250	74
1 October	2019	44.50	67,029	70	44.50	96,687	82
17 March	2020	59.50	84,212	75	59.50	139,786	87
24 September	2020	167.00	106,100	81	167.00	109,965	93
10 December	2020	131.50	-	83	131.50	31,250	95
7 February	2021	153.00	100,000	85	153.00	100,000	97
17 March	2021	82.50	106,945	87	82.50	141,142	99
9 September	2021	82.00	132,705	93	82.00	183,253	105
27 September	2021	76.50	20,000	93	76.50	20,000	105
8 December	2021	68.50	20,000	96	68.50	20,000	108
23 March	2022	142.50	132,650	99	142.50	178,861	111
13 August	2022	187.50	7,000	104	187.50	17,000	116
20 September	2022	166.50	214,313	105	166.50	255,000	117
25 September	2022	178.00	-	105	178.00	32,500	117
06 November	2022	218.00	100,000	107	218.00	100,000	119
26 March	2023	232.50	448,000	110	-	-	-
02 April	2023	218.50	10,000	111	-	-	-
27 June	2023	180.00	50,000	113	-	-	-
04 October	2023	126.00	401,875	117	-	-	-
At 31 December			2,844,996	82		2,745,361	77

Notes to the financial statements

8 Trade and other payables

	31 Dec 2013 £	31 Dec 2012 £
Trade payables	1,799,148	1,720,793
Social security and other taxes	129,539	167,103
Accruals and deferred income	157,798	258,467
	<u>2,086,485</u>	<u>2,146,363</u>

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.

9 Commitments

Bango leases two offices and some small office equipment under non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	31 Dec 2013 £	31 Dec 2012 £
No later than 1 year	69,700	225,022
Later than 1 but no later than 5 years	128,624	28,735
More than 5 years	-	-
	<u>198,324</u>	<u>253,757</u>

The UK lease expired in the year and is currently being renegotiated and the US office lease expires on 30 September 2016.

During the year Bango entered into an additional sale and leaseback financing arrangement to buy certain technical computer equipment as part of the on-going upgrades to the Bango technology to cope with growth in the group. The subsequent leasing arrangement entered into in July 2013 is treated as a finance lease and will terminate in June 2016. The lease agreement includes fixed non-cancellable lease payments, and does not contain any further restrictions. Finance lease liabilities are secured by the related assets held under finance lease.

Gross Lease Liabilities	31 Dec 2013 £	31 Dec 2012 £
Within one year	167,609	38,889
Between two and five years	300,025	149,073
	<u>467,634</u>	<u>187,962</u>
Future interest	(40,106)	(49,007)
	<u>427,528</u>	<u>138,955</u>

The present value of finance lease liabilities is repayable as follows:	31 Dec 2013 £	31 Dec 2012 £
Within one year	147,246	21,778
Between two and five years	280,282	117,177
	<u>427,528</u>	<u>138,955</u>

Notes to the financial statements

10 Expenses by nature

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Employee benefit expense	3,233,380	1,775,001
Depreciation & amortization	1,440,371	607,423
Other expenses	2,328,574	1,769,386
	<u>7,002,325</u>	<u>4,151,810</u>
<i>Analyzed as:</i>		
Administrative expenses	5,086,996	3,291,669
Share based payments	474,958	252,718
Depreciation	408,030	184,027
Amortization	1,032,341	423,396
	<u>7,002,325</u>	<u>4,151,810</u>

11 Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	3,000	2,500
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	36,000	34,500
Other services relating to taxation compliance services	12,810	4,000
Other services relating to taxation advisory services	15,205	6,650
Operating lease expenses:		
Land and buildings	261,690	195,669
Finance lease charges in year	31,304	5,091
Exchange rate variances	123,150	(22,045)
Depreciation on property, plant and equipment – lease assets	181,554	19,969
Depreciation on property, plant and equipment – owned assets	226,476	164,058
Amortization of intangible assets	1,032,341	423,396
Research and development costs	154,018	252,748

Notes to the financial statements

12 Employee benefit expense

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

	12 months to 31 Dec 2013 No	9 months to 31 Dec 2012 No
Administrative staff	6	5
Marketing staff	5	6
Sales staff	3	3
Technical staff	22	20
Executive Directors	3	3
Support staff	22	14
	<u>61</u>	<u>51</u>

The aggregate payroll costs of the above were:

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Wages and salaries	3,063,109	1,924,199
Social security costs	410,673	210,896
Other pension costs	68,363	38,537
Share based remuneration	474,958	252,718
	<u>4,017,103</u>	<u>2,426,350</u>

Included in the above payroll costs is £783,723 (9 months to 31 December 2012: £651,349) capitalized within internal development (note 5.2)

The Directors have identified ten (9 months to 31 December 2012: nine) key management personnel, including Directors. Compensation to key management is set out below:

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Short term employee benefits	1,067,996	605,556
Employers national insurance	137,078	72,807
Post employment benefits	19,905	20,117
Share based compensation	194,568	71,145
	<u>1,419,547</u>	<u>769,625</u>

13 Directors

Remuneration in respect of Directors was as follows:

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Emoluments	<u>540,798</u>	<u>454,067</u>

12 months to 31 December 2013

	Wages and salaries £	Pension and other benefits £	Total £
R Anderson	175,000	-	175,000
A Malhotra	161,178	1,320	162,498
G Tucker	129,800	-	129,800
M Rigby	15,750	-	15,750
R Burger	15,750	-	15,750
D Sear	42,000	-	42,000
	<u>539,478</u>	<u>1,320</u>	<u>540,798</u>

Notes to the financial statements

9 months to 31 December 2012	Wages and salaries	Pension and other benefits	Sums paid to third parties for directors services	Fees	Total
	£	£	£	£	£
R Anderson	161,250	-	-	-	161,250
A Malhotra	155,385	990	-	-	156,375
P Saxton	58,497	-	-	-	58,497
G Tucker	17,307	-	-	-	17,307
M Rigby	11,813	-	1,575	-	13,388
R Burger	11,813	-	-	3,937	15,750
D Sear	31,500	-	-	-	31,500
	<u>447,565</u>	<u>990</u>	<u>1,575</u>	<u>3,937</u>	<u>454,067</u>

The highest paid director received total salary of £175,000 (9 months to 31 December 2012: £161,250), pension contributions of £nil (9 months to 31 December 2012: £nil), and share based compensation of £nil (9 months to 31 December 2012: £nil).

The number of directors who accrued benefits under pension schemes was one (9 months to 31 December 2012: one).

The total share based compensation for directors was £98,079 (9 months to 31 December 2012: £28,667).

For details of directors options please see the directors and their interest section of the Directors' report.

14 Investment income

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Bank interest receivable	<u>(35,906)</u>	<u>(6,513)</u>

15 Taxation

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Income tax		
R&D tax credits receivable	<u>(189,904)</u>	<u>(162,665)</u>
	<u>(189,904)</u>	<u>(162,665)</u>
Income tax expense for the year differs from the standard rate of taxation as follows:		
Loss on ordinary activities before taxation	<u>(4,929,376)</u>	<u>(2,405,748)</u>
Loss on ordinary activities multiplied by standard rate of tax of 23.25% (9 months to 31 December 2012: 24%)	<u>(1,146,080)</u>	<u>(577,380)</u>
Effect of:		
Expenses not deductible for tax purposes	144,837	42,946
Differences between capital allowances and depreciation	(49,809)	(66,360)
Unutilized tax losses	871,352	630,127
Tax deduction on exercise of share options	-	(186,112)
Additional deductions for R&D expenditure	(222,960)	(198,060)
Surrender of tax losses for R&D	211,425	193,108
Short term timing differences	1,331	(934)
Total tax	<u>(189,904)</u>	<u>(162,665)</u>

At 31 December 2013 the unutilized tax losses carried forward amounted to £19.4 million (at 31 December 2012: £15.5 million).

Notes to the financial statements

Deferred tax assets/ (liabilities):

	Provided 31 Dec 2013 £	Provided 31 Dec 2012 £	Unprovided 31 Dec 2013 £	Unprovided 31 Dec 2012 £
Share option deduction	-	-	177,106	572,842
Tax losses	920,828	1,282,132	2,949,325	2,456,071
Other temporary differences	-	-	800	920
Accelerated capital allowances and capitalised development costs	(920,828)	(1,282,132)	-	-
	-	-	3,127,231	3,029,833

All unrecognized deferred tax balances relate to the UK and are expected to offset. 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 Bango PLC by the weighted average number of ordinary shares in issue during the year.

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Loss attributable to equity holders of Bango PLC	(4,739,472)	(2,405,748)
Weighted average number of ordinary shares in issue	45,017,722	40,704,567
Earnings (basic) per share	(10.53) p	(5.91) 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.

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Loss attributable to equity holders of Bango PLC	(4,739,472)	(2,405,748)
Weighted average number of ordinary shares	45,017,722	40,704,567
Earnings (diluted) per share	(10.53) p	(5.91) p

At 31 December 2013 options over 2,844,996 (31 December 2012: 2,745,361) 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 used by operations

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Loss for the financial year	(4,739,472)	(2,405,748)
Depreciation and amortization	1,440,371	607,423
Taxation in income statement	(189,904)	(162,665)
Investment income	(35,906)	(6,513)
Interest payable	31,304	5,091
Foreign exchange movement on cash balances	(9,322)	(22,045)
Share-based payment expense	474,958	252,718
Decrease in receivables	202,662	662,983
Decrease in payables	(59,878)	(728,914)
	(2,885,187)	(1,797,670)
Corporation tax rebate	359,113	216,243
Net cash used by operations	(2,526,074)	(1,581,427)

Notes to the financial statements

18 Financial assets and liabilities

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

	31 Dec 2013 £	31 Dec 2012 £
Loans and receivables	6,682,069	4,064,036
Total financial assets	<u>6,682,069</u>	<u>4,064,036</u>

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

	31 Dec 2013 £	31 Dec 2012 £
Current assets		
Trade and other receivables	1,558,683	1,736,592
Research and development tax credits	189,904	359,113
Cash and cash equivalents	5,110,366	2,327,444
Total financial assets	<u>6,858,953</u>	<u>4,423,149</u>

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

	31 Dec 2013 £	31 Dec 2012 £
Financial liabilities measured at amortized cost	1,957,995	1,938,329
Total financial liabilities	<u>1,957,995</u>	<u>1,938,329</u>

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

	31 Dec 2013 £	31 Dec 2012 £
Current liabilities		
Trade payables	1,799,147	1,720,793
Accruals	158,848	217,536
Total financial liabilities	<u>1,957,995</u>	<u>1,938,329</u>

19 Credit risk analysis

Bango'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.

Bango 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. Bango's policy is to deal only with creditworthy counterparties.

Bango'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 trade receivables that are past due. The only other financial asset that is not cash are tax credits due from HMRC

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

In respect of trade and other receivables, Bango is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Bango completes regular credit checks on those payment providers accounting for significant individual balances. In addition, the terms and conditions of trade with some digital merchants allow the group to withhold payment of the relevant part of the digital merchant 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

Bango 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 December 2013 Bango's financial liabilities had contractual maturities which are summarized below:

	31 Dec 2013 £	31 Dec 2012 £
Current within 6 months	1,957,995	1,949,218
Current 6 to 12 months	-	10,889
1 year to 5 years	-	117,177
Financial liabilities	<u>1,957,995</u>	<u>2,077,284</u>

Bango's capital management objectives are to ensure Bango'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 ended 31 December 2013 Bango PLC issued £6.5m new shares on the AIM market in February (9 months ended 31 December 2012: £3.25m). The Directors consider that the capital management objectives have been satisfied through the adequate management of liquidity, as sufficient cash is available to meet all liabilities falling due in the next year.

At 31 December 2013 the Bango had no borrowings.

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

	31 Dec 2013 £	31 Dec 2012 £
Total equity	8,862,448	6,509,197
Less cash and cash equivalents	<u>(5,110,366)</u>	<u>(2,327,444)</u>
	<u>3,752,082</u>	<u>4,181,753</u>

21 Market risk analysis

21.1 Interest risk sensitivity

Bango 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 Bango'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.

		31 Dec 2013			31 Dec 2012		
Nominal amounts		£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)	£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)
US \$	USD	1,090,054	1,545,923	(455,869)	1,000,909	1,175,525	(174,616)
Euro	EUR	224,790	39,323	185,467	251,630	47,097	204,533
Australian \$	AUD	26,243	485	25,758	8,461	969	7,492
Canadian \$	CAD	297,646	-	297,646	223,391	24,668	198,723
New Zealand \$	NZD	10,247	-	10,247	15,453	-	15,453
Indonesia Rp	IDR	352,680	-	352,680	310,338	41,290	269,048
Qatari Riyal	QAR	24,156	-	24,156	-	-	-
South African Rand	ZAR	51,970	-	51,970	-	-	-
Other		34,105	-	34,105	6,236	1,578	4,658
Short term exposure		<u>2,111,891</u>	<u>1,585,731</u>	<u>526,160</u>	<u>1,816,418</u>	<u>1,291,127</u>	<u>525,291</u>

Sensitivity analysis has been performed on the financial assets and liabilities to assess the exposure of the group to foreign exchange movements. If exchange rates moved so that the sterling weakened by 5% then the effect on the balance sheet would be a loss of £25,055 and if it moved by 10% then there would be a total loss of £47,833.

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 December 2013 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 December 2013;
- 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 Strategic Report and 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 December 2013.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
17 March 2014

Company balance sheet

	Note	31 Dec 2013 £	31 Dec 2012 £
Fixed assets			
Investment in subsidiary	4	<u>27,769,236</u>	<u>5,680,776</u>
Current assets			
Debtors due within one year	5	2,715	49,391
Debtors due after one year	5	-	15,144,782
		<u>2,715</u>	<u>15,194,173</u>
Creditors falling due within one year	6	<u>(9,610)</u>	<u>(13,528)</u>
Net current (liabilities) / assets		<u>(6,895)</u>	<u>15,180,645</u>
Total assets less current liabilities		<u><u>27,762,341</u></u>	<u><u>20,861,421</u></u>
Capital and reserves			
Share capital	7	9,122,069	8,346,604
Share premium account	8	17,684,376	11,842,076
Other reserve	8	1,968,834	1,493,876
Retained earnings	8	<u>(1,012,938)</u>	<u>(821,135)</u>
Shareholders' funds		<u><u>27,762,341</u></u>	<u><u>20,861,421</u></u>

These financial statements were approved by the Directors on 17 March 2014 and are signed on their behalf by:

Mr R Anderson
Director

Mr G Tucker
Director

Company registration number 05386079

The notes on pages 47 to 49 are an integral part of these consolidated financial statements

Notes to the financial statements

1 Accounting policies

Basis of accounting

The separate financial statements of Bango PLC 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

Bango PLC 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 Bango PLC's investment in subsidiaries, based upon the 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 Loss for the year

Bango PLC 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 entity is not presented as part of the accounts. The Bango PLC loss for the year ended 31 December 2013 of £191,803 (9 month period ended 31 December 2012: £134,431) is included in the Group result for the financial period.

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 Bango PLC are provided in the Directors' report on page 18.

There are no employees employed directly by Bango PLC.

Details of Directors' remuneration are disclosed on page 40 of the Group accounts. A charge of £54,423 (9 month period ended 31 December 2012: £37,301) has been recognized within the parent company's own figures relating to wages and salaries.

4 Post balance sheet event

On 7 February 2014 Bango established a new entity in Brazil called Bango do Brasil in order to facilitate growth in the Latin America. The company is owned 1% by Bango Plc and 99% by Bango Movil another group company.

Notes to the financial statements

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 31 December 2012	5,680,776
Share based payments	474,958
Capitalisation of intercompany loan	21,613,502
	<hr/>
Shares in subsidiary undertakings at 31 December 2013	27,769,236
	<hr/>
Net book amount	
At 31 December 2013	27,769,236
	<hr/>
At 31 December 2012	5,680,776
	<hr/>

Details of subsidiary undertakings at 31 December 2013 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 Inc	Delaware, USA	Common	100%	Sales and support office for Bango.net Limited services in USA
Bango Movil	Spain	Ordinary	100%	Support for Bango.net Limited
Bango SP Ltd	England & Wales	Ordinary	100%	Non-trading
Bango Employee Benefits Ltd	England & Wales	Ordinary	100%	Non-trading

5 Debtors

	31 Dec 2013 £	31 Dec 2012 £
Amounts due from Group undertakings (due after one year)	-	15,144,782
Other debtors (due within one year)	2,715	49,391
	<hr/>	<hr/>
	2,715	15,194,173
	<hr/>	<hr/>

6 Creditors

	31 Dec 2013 £	31 Dec 2012 £
Trade creditors	9,610	13,528
Accruals and deferred income	-	-
Amounts owed to group undertakings	-	-
	<hr/>	<hr/>
	9,610	13,528
	<hr/>	<hr/>

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 31 March 2012	38,667,322	7,733,465
Issue of new shares	2,355,000	471,000
Exercise of share options	610,695	122,139
Exercise of share warrants	100,000	20,000
As at 31 December 2012	41,733,017	8,346,604
Issue of new shares	3,250,000	650,000
Exercise of share options	627,326	125,465
As at 31 December 2013	45,610,343	9,122,069

During the year 627,326 share options were exercised at exercise prices between 29 pence and 202 pence and a par value of 20 pence per share. The total proceeds were £477,477 of which £125,465 was recognized as share capital and £352,012 as share premium.

In February 2013 Bango PLC issued 3,250,000 ordinary shares of 20 pence each at market price of 200 pence per share with existing investors raising £6.5m gross and £6.1m net of expenses of £0.4m.

During the year 930,875 options were granted to employees, including 165,000 to Gerry Tucker, a Director during the year.

At the year end 2,844,996 options were outstanding. Further details relating to employee share options are provided in note 7 in the Bango financial statements.

8 Reserves

	Share Premium Account £	Other reserve £	Retained earnings £
At 1 January 2013	11,842,076	1,493,876	(821,135)
Issue of new shares	5,490,288	-	-
Exercise of share options	352,012	-	-
Share based payments	-	474,958	-
Loss for the year	-	-	(191,803)
At 31 December 2013	17,684,376	1,968,834	(1,012,938)

9 Reconciliation of movements in shareholder's funds

	31 Dec 2013 £	31 Dec 2012 £
Period opening balance	20,861,421	17,383,444
Exercise of share options	477,477	308,002
Share based payments	474,958	252,718
Issue of new shares	6,140,288	3,051,688
Loss for the period	(191,803)	(134,431)
	27,762,341	20,861,421

Notice of Annual General Meeting

THE COMPANIES ACTS 1985 TO 2006

NOTICE OF THE ANNUAL GENERAL MEETING OF BANGO PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Bango PLC (the "Company") will be held at the offices of The Company, 5 Westbrook Centre, Cambridge, CB4 1YG on Wednesday, 28 May 2014 at 2 pm for the following purposes.

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, pass resolutions 1 to 4 as ordinary resolutions.

1. To receive and adopt the financial statements of the Company for the year ended 31 December 2013 and the reports of the directors and auditors on those financial statements.
2. To re-elect Mr Raymond Anderson who retires by rotation and offers himself for re-appointment by general meeting, as a director of the Company.
3. To re-elect Mr Martin Rigby, who retires by rotation and offers himself for re-appointment by general meeting, as a director of the Company.
4. To re-elect Grant Thornton UK LLP as auditors until the next annual general meeting of the Company at which accounts are laid before the members and to authorise the directors to determine the auditors' remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass resolution 5 as an ordinary resolution and resolution 6 as a special resolution.

5. That the directors be and are hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares and/or grant rights to subscribe for or to convert any security into shares ("Rights") up to an aggregate nominal value of £3,045,198 (being the nominal value of approximately one third of the Company's issued share capital) such authority to expire on the conclusion of the next annual general meeting of the Company following the passing of this resolution or, if earlier, the date 15 months after the date of passing this resolution, save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.
6. That subject to and conditional upon the passing of resolution 5 above, the directors be and are hereby generally authorised in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to:
 - a) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of equity securities in proportion (as nearly as may be possible) to the respective number of ordinary shares of £0.20 each held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems in respect of overseas holders or otherwise;
 - b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to a maximum aggregate nominal value of £456,780 (being the nominal value of approximately 5 percent. of the issued share capital of the Company),

and this authority shall expire on the conclusion of the next Annual General Meeting of the Company following the date on which this resolution becomes unconditional or, if earlier, the date 15 months after the date of passing this resolution save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously

granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

By order of the Board

Company Secretary
Henry Goldstein

Registered Office:
5 Westbrook Centre
Cambridge
CB4 1YG

Notes:

1. At the date of this notice, the issued share capital of the Company was 45,677,963 ordinary shares of £0.20 each and the total number of voting rights was 45,677,963.
2. Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.
3. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited at the registered office of the Company, 5 Westbrook Centre, Cambridge, CB4 1YG, by not later than 2:00 pm on Monday, 26 May 2014 (or not later than forty-eight hours before the start of any adjournment of the meeting) together with, if appropriate, the original power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority.
4. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the registered office of the Company, 5 Westbrook Centre, Cambridge, CB4 1YG, by not later than 2:00 pm on Monday, 26 May 2014 (or not later than forty-eight hours before the start of any adjournment of the meeting) together with, if appropriate, the original power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, unless you attend the meeting in person, your proxy appointment will remain valid.
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 2:00 pm on Monday, 26 May 2014 shall be entitled to attend and vote at this Annual General Meeting in respect of such number of shares registered in their name at that time. Changes to entries on the register of members after 2:00 pm on Monday, 26 May 2014 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
7. Copies of the service agreements of the executive Directors and the letters of appointment of the non-executive Directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will also be made available for inspection at the place of the Annual General Meeting for a period of 15 minutes prior to and during the continuance of the meeting. Copies of this notice will be available at the place of the Annual General Meeting at the same times, and from the date the notice is posted, on the Company's website <http://bangoinvestor.com/announcements/>
8. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by calling our Company Secretary on +44 20 8678 7273 or +44 7785 771 717. No other methods of communication will be accepted.

Form of proxy

For use at the Annual General Meeting to be held at the offices of The Company,
5 Westbrook Centre, Cambridge, CB4 1YG on Wednesday, 28 May 2014 at 2:00 p.m.

Before completing this form, please read the explanatory notes at the end of this form

Name of shareholder _____

Address _____

Number of shares held _____

I/We, being [a] member[s] of Bango PLC (the "Company"), hereby appoint the chairman of the meeting or (see note 3)

as my/our proxy (see note 4) to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 2:00 p.m. on Wednesday 28th May 2014 and at any adjournment of the meeting.

I/We have indicated with an 'X' in the appropriate spaces how I/we wish my/our votes to be cast and direct the proxy to vote as indicated.

If this form is signed and returned without any indication as to how my/our proxy shall vote, my/our proxy may exercise his or her discretion as to both how he or she votes (including as to any amendments to the resolutions) and whether or not he or she abstains from voting and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

RESOLUTION (Place X in appropriate box)	FOR	AGAINST	WITHHELD	DISCRETIONARY
Ordinary business				
1. To receive and adopt the accounts for the year ended 31 December 2013				
2. To re-elect Mr Raymond Anderson as a Director				
3. To re-elect Mr Martin Rigby as a Director				
4. To re-appoint Grant Thornton UK LLP as auditors and authorise the Directors to fix the auditors' remuneration				
Special business				
5. To authorise the Directors to allot shares pursuant to section 551 of the Companies Act 2006 (the "Act"), subject to the provisions as set out in the notice				
6. In accordance with section 571 of the Act, to authorise the Directors to allot shares as if section 561(1) of the Act did not apply, subject to the provisions as set out in the notice				

Signature

Date

Signature

Date

Notes for completion of the proxy form

1. As a member of the Company you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You must follow the appointment procedures set out in these notes.
2. Completion and return of this proxy form will not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box above on page 1, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf at the meeting, you will need to appoint someone other than the chairman and give them the relevant instructions directly.
4. If you appoint a proxy to vote on your behalf at this annual general meeting, your voting rights will revert to you at the conclusion of the annual general meeting or any adjournment of the annual general meeting.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, please insert the name of each proxy to be appointed in the box above on page 1 and insert in brackets after each name the number of shares in respect of which each respective proxy is appointed.
6. To direct your proxy how to vote on the resolutions, please indicate how you wish your votes to be cast by placing 'X' in the appropriate column. To abstain from voting on a resolution, select the relevant "Vote withheld" box. Please note that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no specific direction as to how you wish your vote to be cast is given, your proxy may vote or abstain, at his or her discretion. On any other business which is put before the meeting (including a motion to adjourn the meeting or to amend a resolution) the proxy will vote (or abstain from voting) at his or her discretion.
7. To be valid, this proxy form must be:
 - a) completed and signed;
 - b) sent or delivered to the Company Secretary at 5 Westbrook Centre, Milton Road, Cambridge, CB4 1YG; and
 - c) received by the Company Secretary no later than 2:00 p.m. on Monday 26th May 2014.
8. If a member is a company, this proxy form must be executed under its common seal (or such form of execution as has the same effect) or executed on its behalf by a duly authorised officer of the company or an attorney for the company. A copy of the authorisation of such officer or attorney must be lodged with this proxy form.
9. If this proxy form is executed under a power of attorney or any other authority the original power or authority (or a duly certified copy of such power or authority) must be lodged together with this proxy form.
10. In the case of joint holders, any one holder may sign the form of proxy but all the names of the joint holders should be stated on this proxy form. If more than one of the joint holders purports to appoint a proxy, the appointment submitted by the most senior holder will be accepted to the exclusion of the appointment(s) of the other joint holder(s), seniority being determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding (the first-named being the most senior).
11. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
12. Any alterations made to this form should be initialled.
13. You may not use any fax number or email address or other electronic address provided in this proxy form or the documents accompanying this proxy form to communicate with the Company for any purposes other than those expressly stated.

If you have any queries completing this form please contact the Company Secretary on telephone number +44 20 8678 7273 or +44 7785 771 717.

Explanatory notes

Report and Accounts (Resolution 1)

The Directors of the Company must present the accounts to the meeting.

Re-election of Directors (Resolutions 2 and 3)

The Company's articles of association require that approximately one third of the Board, and any Director newly appointed since the last AGM, retire and seek re-election at each annual general meeting. Furthermore in line with the Combined Code on Corporate Governance, it is the Company's practice that any non-executive Director having been in post for nine years or more is subject to annual re-election.

At this meeting, Mr Raymond Anderson and Mr Martin Rigby will retire and stand for re-election as Directors. Having considered the performance of and contribution made Mr Anderson and Mr Rigby, the Board remains satisfied that their performance continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Reappointment and remuneration of auditors (Resolution 4)

Resolution 4 proposes the reappointment of Grant Thornton UK LLP as auditors of the Company and authorises the Directors to set the auditors' remuneration.

Directors' authority to allot shares (Resolution 5)

Directors may only allot shares or grant rights to subscribe for or to convert any security into shares ("Rights") if authorised to do so by shareholders. Such authorisation is not required for the grant of options (or the issue of shares on exercise of such options) under an employee share scheme. The authority granted at the last annual general meeting is due to expire at the conclusion of this year's annual general meeting. Accordingly, this resolution seeks to grant a new authority to the Directors to allot shares and/or grant Rights and will expire at the conclusion of the next annual general meeting of the Company (normally in 2015) or, if earlier, on 28 August 2015 (the date which is 15 months after the date of passing of the resolution). There is no present intention of exercising this authority, which would give Directors authority to allot shares and/or grant Rights up to an aggregate nominal value of £3,045,198, which is approximately one-third of the Company's issued ordinary share capital as at 1 March 2014.

Disapplication of pre-emption rights (Resolution 6)

Under section 561(1) of the Act, if the Directors wish to allot equity securities (as defined in section 560 of the Act) (other than following an exercise of options granted under an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 6 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to the issue of equity securities for cash up to a maximum nominal value of £456,780 (being 2,283,898 ordinary shares of £0.20 each), which is equivalent to approximately 5 per cent of the Company's issued ordinary share capital as at 1 March 2014.

Resolution 6 also seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

If resolution 6 is passed, the authority will expire at the conclusion of the next annual general meeting of the Company (normally in 2015 or, if earlier, 28 August 2015 (the date which is 15 months after the date of passing of the resolution)). Shareholders will note that this resolution will be proposed as a special resolution.