Bango Interims

for 6 months to 30th September 2009

1 December 2009 **www.bangoinvestor.com**

- **Business Summary**
- **Business Model**
- **First Half Financials**
- **Operational Review**
- **Opportunities and Outlook**

Who is Bango?

bango

Company

Bango provides the technology that enables commerce on the mobile web.

Founded in 1999 to enable the marketing & monetization of digital goods to users of mobile phones with internet connectivity

c.50 people in New York and Cambridge (UK)

Listed on London Stock Exchange AIM June 2005 (BGO.L)

Enabled over 30M users to transact with thousands of content providers across hundreds of mobile operators

A fast growing, mobile success story with a reputation for innovation and service quality

Products

Bango Payment
High efficiency collection of payments from mobile phone users anywhere in the world

Bango Analytics
Precise measurement of mobile user activity, marketing campaign effectiveness and revenue from mobile sites.

Awards

Meffys Mobile Entertainment Awards 2008 Winner
ME Awards 2007 Winner
MEF Mobile Entertainment Awards 2008
ME Awards 2006 Winner

Customers include

sky
Marvellous.
Turner A TimeWarner Company
Dada
B! Buongiorno
gameloft
World Wrestling Entertainment
Interflora the flower experts
FOX Mobile Group
EA mobile
AKQA
FLYCELL

Mobile operator relationships

Sprint
T-Mobile
vodacom
Telefónica
vodafone
orange
O_2
Virgin mobile
at&t

Bango for websites selling content:

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Marketing Campaign

Viral, App or Bookmark

(1) User browses to mobile site / app

(2) Bango collects payment for content

(3) Content Provider provides download page

Payment Confirmed

bango®

Bango collects payment by selecting “best biller” based on user, user history, content type & other factors

Bango BillRank™

Aggregators
Resell Premium SMS billing

mBlox, Ericsson, MXtelecom, Mobile Media

Operator Billing
Direct connect to operator

m-pay vodafone, orange, vodafone, payforit, TELIA, proximus, Sprint, Optimus, Telefónica, swisscom, at&t, amena

Alternates
to expand coverage

VISA, MasterCard, PayPal, NETELLER, CRANDY, Ukash, MChex, obopay, VISA Cash

Maximize number of payments

Bango unique technology and relationships have been developed to maximize number and value of successful payments

Competitive Advantages:

- Biller Independent (select best)
- Operator Relationships
- User histories across many CP
- End user experience
- Comprehensive reporting
- Cross border transactions

Market drivers and opportunities

bango

Infrastructure

- Increasingly “content capable” devices
- More use of mobile internet
- Wifi growth alongside Operator networks

Commercial

- “offline” to online shift: mobile web marketing
- Move to “paid for” content as ad rates fall
- Leaders in mobile using Bango successfully

Off-deck (PSMS)

+ 8yrs old, multiple low margin players
+ little economy of scale
+ Aggregation model (low technology)
+ Huge customer service / trust issues

Bango estimate: $1Bn in each of UK and USA

On Deck (Web)

+ Frustrating to Carriers
+ High cost
+ Good customer service
+ Carriers can make more from ads / search

Bango estimate: $1Bn in USA $0.5Bn in UK

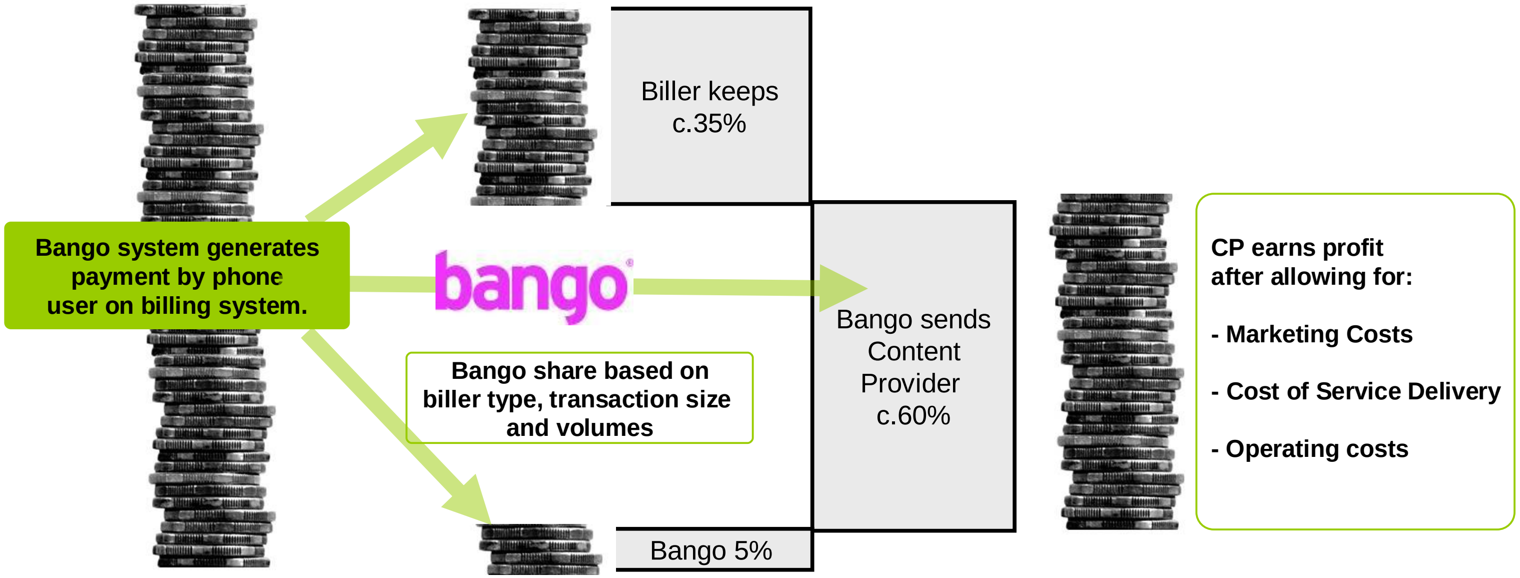
Off-deck - Web

+ The new opportunity
+ Clear customer experience
+ Scalable cross-border / cross-opeator
+ Fits search / advertising model

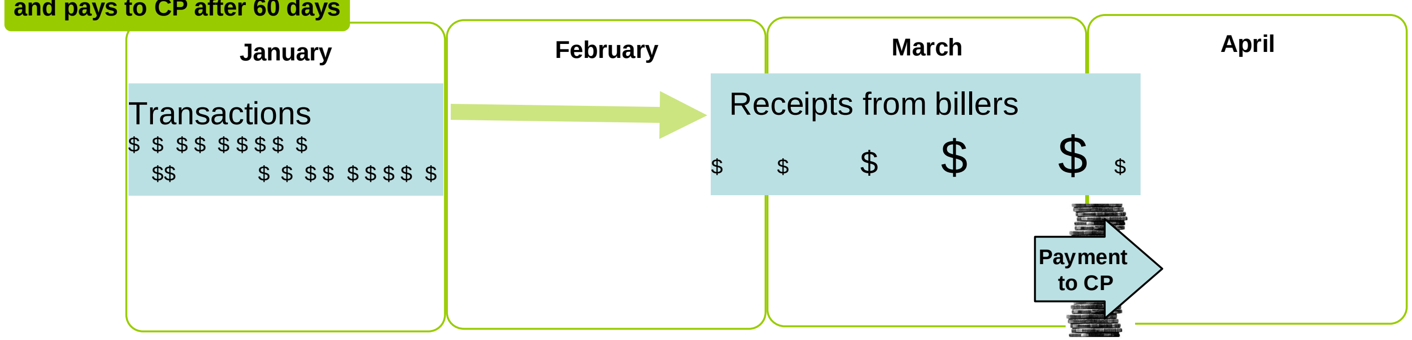
Bango has strong position in USA and UK

End user spend model and cashflow

Revenue flow



Settlement



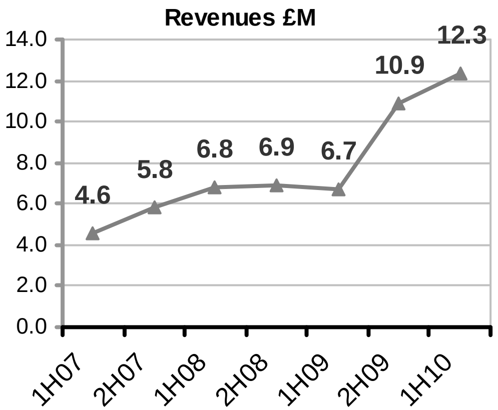
Financials for 6 months to 30th September 09

H1 FY10 Financials
- Revenues & margins
- Operating expenses
- Profit & Loss
- Cashflow & Balance Sheet

Operational Review
- Growing transaction volumes
- Growing customer base
- Sales and Marketing
- Product development

Opportunities & Outlook

Revenue by segment



	H1 10 £'000	H2 09 £'000	H1 09 £'000	FY 09 £'000
End user activity	**11,591**	9,997	5,915	15,912
% of total	***94%***	***92%***	***88%***	90%
Content provider fees etc.	**724**	864	831	1,695
% of total	***6%***	***8%***	***12%***	10%
Total revenue	**12,315**	10,861	6,746	17,607

Total Revenues up 83% YoY

NOTE: H2 09 computed from audited FY09 and unaudited 1H 09 numbers

Gross profit

Gross profit		**H1 10 £'000**	**H2 09 £'000**	**H1 09 £'000**	**FY 09** £'000
End user activity		**616**	549	466	1,015
	% of total	*46%*	*39%*	*37%*	*38%*
Content provider fees		714	855	789	1,644
	% of total	54%	*61%*	*63%*	*62%*
Total gross profit		**1,330**	1,404	1,255	2,659
Margin %					
End user activity		*5.3%*	*5.5%*	*7.9%*	*6.4%*
Content provider fees		*98.5%*	*99.0%*	*94.9%*	*97.0 %*

- Profit from end user activity up 32% YOY on volumes up 96%
- Margin from end user spending stable at 5.3% vs 5.5% in H2 09 and 7.9% in H1 09
(Average % margin reduced as larger CP's grew fastest)
- Package fees declined as reduced prices attract new customers
but also encourage existing customer migration to lower price offerings

Operating Expenses

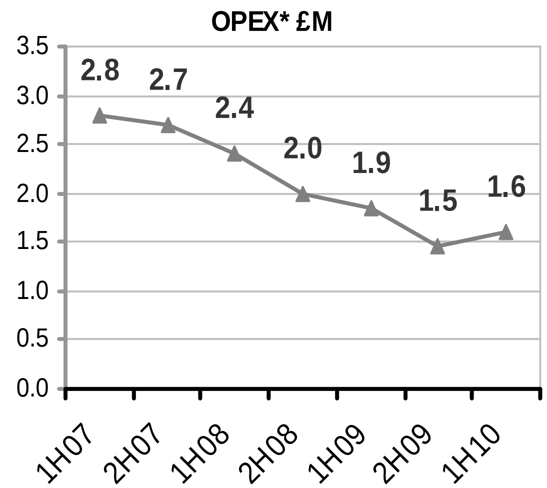
- Opex down 15% YoY and expected to remain broadly at present levels to mid 2010

- Able to handle significant transaction volume growth

  Peak load of $4m/hour processed successfully

  £150-200K capex planned for 2010 to handle 10x increase in analytics volumes

- Capitalized £370K (19% of Opex) for 100X traffic processing & emerging market project



P&L 6 months ending Sep 30th 2009

£million

		Cost of Sales	Gross Profit		H1 09
	Revenue	**Cost of Sales**	**Gross Profit**		**H1 09**
End-user	11.59	(10.97)	0.62	5.30%	0.47
CP Fees	0.72	(0.01)	0.71	98.50%	0.79
Revenue	12.31	(10.98)	1.33	10.80%	1.26
OPEX	Sales & Mktg	0.57			
	Overheads	0.84	(1.41)		(1.71)
EBITDA			(0.08)		(0.45)
Depn & Amortization			0.10		0.10
EBIT			(0.18)		(0.55)
Share based payments			(0.06)		(0.04)
EBT			(0.24)		(0.59)
R&D Tax credit			0.10		-
Profit after Tax			(0.14)		(0.59)

Cashflow & balance sheet

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	H1 10 £'000	H2 09 £'000	H1 09 £'000	FY 09 £'000
Cashflow				
Net cash generated / (used) by operations	(265)	667	(1,043)	(376)
Cash from / (used by) investing activities	(423)	(391)	(8)	(399)
	(688)	276	(1,051)	(775)
Cash from financing activities	6	24	451	475
Net increase / (decrease) in cash	(682)	300	(600)	(300)
Balance Sheet				
Non-current assets	936		234	612
Trade and other receivables	4.694		3,182	4,313
Cash and cash equivalents	374		526	826
Total assets	6,004		3,942	5,751
Equity and reserves	13,399		13,287	13,331
Accumulated losses	(12,519)		(12,500)	(12,385)
	880		787	946
Trade and other payables	5,124		3,155	4,805
Total equity and liabilities	6,004		3,942	5,751

- £750K RBS facility: opportunity to generate extra margin through revenue acceleration or provides contingency source
- £0.3m advanced to content providers, as planned

Financials for 6 months to 30th September 09

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Operational Review
- Growing transaction volumes
- Margins on end user spending
- Content Provider sign-ups
- Product development

Opportunities & Outlook

Growing Payment Transaction Volumes

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- Grow transactions from current large customers

  - Continuing the migration of transactions in our biggest customers from SMS aggregators to Bango Payment

  - Most large customers start with ONE US operator

    Example:

    Start with AT&T (#2) mobile web billing
    Add Sprint (#3)mobile web billing
    Add T-Mobile (#4) web billing (new from November 2009)
    Add European countries

- Continue to add new customers
  - Fox, Turner, other large content companies

- New major operator relationships to help drive growth
  - T-Mobile USA (#4) went live in November 2009
  - Working on Verizon (#1 US carrier)

Margin from payment transactions

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Margin on end user spend stable
(H1 FY10 5.3%, H2 FY09 5.5%)

Activity underway to improve margins:

Program	Impact	Potential result
Operator Wi-Fi incentives	Additional incentives of 5-10% for adding transactions from Wi-Fi connected devices	Linked to Wi-Fi growth e.g. 20% Wi-Fi, 5% inc. = 1% average uplift
Operator incentives for "good behaviour"	Margin on additional CP revenues. Share of incentives for some CP's	0.2% on 10% incentive up to 2% with smaller CP
Revenue acceleration from billers	Typ. 2%+ for 30 day acceleration Increased CP revenues	2% on larger CP's wanting to grow faster
Smaller CP's	5-9% margin on smaller volumes	5% on 5% of spend = 0.25%

Seeing improved % margins entering 2nd half

Content provider Sign-ups

Content provider monthly fees– c.100% GM

- pricing now stable after 2008/9 changes
- good signup rate with lowered attrition / churn
- added “enterprise options” for larger customers

Analytics products gaining momentum

- up from £6K/month in Mar09 to £12K/month in Sep09
- recent Turner win
- joint projects with Yahoo!

12 months ahead – outlook & opportunities

- Significant transaction volume & revenue growth
  - existing customer revenue transfer
  - new customer activity
  - new mobile operators (e.g. T-Mobile USA)
- Possible margin improvements with US carriers
- Stable Opex
- Application Stores (BlackBerry, Nokia, Microsoft…)
- Opportunity for Verizon operator billing