

Interim Results

6 months to 30th September 2006

The logo for Bango, featuring the word "bango" in a bold, lowercase, sans-serif font. The letter 'b' is a vibrant orange, while the remaining letters 'ango' are a dark blue. A registered trademark symbol (®) is positioned to the upper right of the 'o'.

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www.bango.com

Highlights

- Revenues up 43% to £4.60m (H1 FY05: £3.22m)
- Content provider revenues up 78% to £0.7m
- End user spend up 40% to £3.9m
- Gross profit up 40% to £1.32m (H1 FY05: £0.95m)
- Large number of new customer wins including MTV, Capcom, FT.com and Daily Telegraph
- Global partnership agreement with Yahoo!
- Germany, Spain and the US operations productive
- Market leadership position maintained

- Re-forecast indicates slower move to profitability
- Measures taken to control / focus spend

Overview

- Six months international sales & marketing operations:
 - Large pipeline, signups scaled with sales-team deployment
 - Wide range of “blue chip” customers switching to mobile internet
 - Several “big projects” signed and being actively “trained”
 - US activity resulted in Yahoo! relationship
- End user spend growth difficult to predict
 - growing fast outside UK
 - UK spend slowed in July/Aug then resumed fast growth
 - many key drivers “coming soon”
- Ensuring transition to profitability by:
 - special support for to accelerate end user spend for “big projects”
 - focus on partner success (vs recruitment)
 - focus on opex control and sales productivity
 - collaborative marketing model

Business Review

Growth Strategy

- **Leverage early global advantage:**
 - Technology already deployed world-wide
 - Content Providers in over 30 countries
 - Millions of users in over 120 countries
 - Excellent reputation with Vodafone, Orange, Telefonica, Cingular, O₂
 - Multiple language capability
- **Focussed Geographical activity in selected markets**
 - USA Cingular unique relationship. Most Content Providers
 - UK World's most "open" market
 - Germany Vodafone & O2 relationships, large market
 - Spain Telefonica relationship, developed market
- **Country specific Bango sales, marketing and tech support teams**
- **Develop local Bango Accredited Partners (resellers)**

Sales and marketing

- **Good progress: over 100 “Pro equivalent” sign ups in 6mths**

Including MTV, Capcom, Daily Telegraph, FT.com, Agent Provocateur, Jamba, Flycell, Betfred, Yamaha Music, EA mobile, Rascal Flatts, Mediapiazza, Cellcity, Handsonmobile, Carmunity, MOMO ...

- **UK:**

- Maintaining stable costs associated with proven profitable model
- Major brand wins in FY07: now supporting their success

- **USA:**

- US focussed sales & mktg team in place and performing well
- Excellent “reference customers”. Good visibility and strong pipeline.
- “go live process” accelerating, partners active, Yahoo! benefits

- **Spain and Germany:**

- Localized marketing, product, tech support. Management in Cambridge
- Generating customers for local-local and local-global business

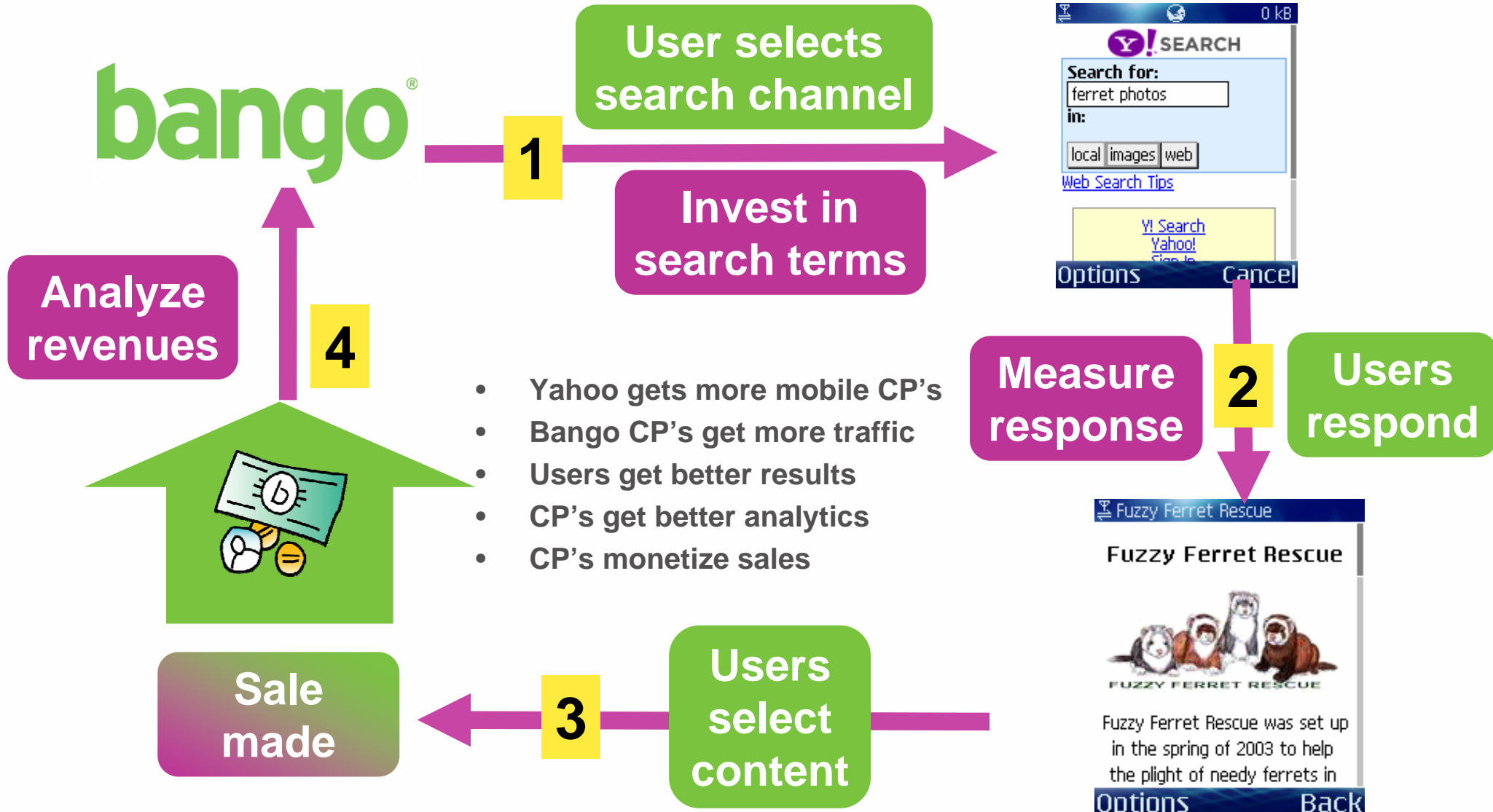
- **Partner program (BAP):**

- 43 partners – now focussing on making “top team” more productive

Product development

- New generation of the Bango platform deployed
 - Simplifies use and sale of Bango products and services
“2007” product release in 4-8 weeks (incl. new top product)
- Opened up “web services” access to the Bango platform
 - Business partners can now leverage the power of Bango with their own content provider interfaces. Ideal for “user generated communities” – MOMO, Pepperoni
- Added equipment and software at our data centres
 - Substantially increased traffic levels forecast by certain larger customers in the coming months. Need to maintain capacity headroom & reliability.
- Integrated Bango platform with Yahoo! search marketing
 - Makes advertising of mobile content easier and more cost effective
- Applied for third patent in payments field
 - Ongoing protection of intellectual property

Yahoo! agreement



What the customer sees:

Submit your site to Yahoo! - Bango.com - Microsoft Internet Explorer

Address: https://bango.com/protected/services/yahoosearchsubmission.aspx

Home | About Bango | Services | Management Tools | Support Center

Welcome ray@bango.net | Sign Out

Submit your site to Yahoo!

Home > Management tools > Submit your site to Yahoo!

Yahoo! Mobile Search Submission

powered by **YAHOO!**

Please enter your details below to submit your site to Yahoo!'s algorithmic mobile search. Please ensure you fill in as many fields as possible. Required fields are denoted by an asterisk (*). More information can be found by hovering your mouse over the information icons (i).

Contact name: *

Contact email address: *

Company name:

Your mobile site's URL: *

Your mobile site's title:

Your mobile site's description:

Your mobile site's language: *

Other:

Select preferred simulated mobile phones used to crawl your site:

- Nokia 6682
- Motorola V975
- Siemens SX1
- Samsung SGH-Z130
- LG C1500
- Sony Ericsson P910c

In this section:

- [Management tools](#)
- [Yahoo! Mobile Search Submission](#)
- [Update my profile](#)
- [Get a new package](#)
- [Support](#)
- [Test center](#)
- [Service updates](#)

Support

Bango's online self-help and support resources include: a knowledge base, user guides, datasheets, email support and tracking of your support queries.

Support Services

When contacting support please quote the details below:

Person ID: 766

Quick help

- [Instant answers](#)
- [Report a problem](#)
- [My queries](#)

Email: support@bango.com

https://bango.com/wizards/createneupackage.aspx

Live Webinar

Web marketing meets mobile - what's in it for me?

The best practices in web marketing are moving to mobile. Bango and Yahoo! look at search marketing as a way to drive traffic to your mobile site.



[Join us, October 19, 2006](#)
1 pm EST/10 am PST

bango.net/webinar

Financial Review

P&L

£000's FYE 31 March	H1 2007	H2 2006	H1 2006	YE 2006
Total revenues	4,603	4,315	3,218	7,533
<i>% growth on same half in py</i>	43%			
<i>% growth on previous half</i>	7%	34%		
Total gross profit	1,322	1,246	945	2,191
<i>% gross margin</i>	28.7%	28.9%	29.4%	29.1%
Total operating expenses	2,749	2,216	1,427	3,643
Operating loss before share option costs	(1,427)	(970)	(482)	(1,452)
Share option costs	213	89	38	127
EBITDA	(1,640)	(1,059)	(520)	(1,579)
Depreciation	74	50	27	76
Interest receivable	89	121	74	195
Earnings before tax	(1,625)	(987)	(473)	(1,460)
Taxation payable	0	0	0	0
Earnings for the period	(1,625)	(987)	(473)	(1,460)

Balance Sheet

£000's	30 Sep 2006	30 Sep 2005	31 Mar 2006
Fixed Assets			
Tangible assets	580	105	343
Current assets			
Debtors	2,389	1,476	2,267
Cash at bank	3,201	5,957	4,863
Creditors - amounts falling due within one year	2,175	1,436	2,186
Net current assets	3,414	5,996	4,944
Total assets less current liabilities	3,994	6,101	5,287
Capital and reserves			
Called up equity share capital	5,361	5,246	5,307
Share premium accounts	5,320	5,231	5,255
Merger reserve	1,236	1,236	1,236
Profit & loss account	(8,329)	(5,678)	(6,704)
Share option reserve	406	66	193
Shareholders funds	3,994	6,101	5,287

Cash flow

£000's FYE 31 March	H1 2007	H1 2006	YE 2006
Net cash flow from operating activities	(1,560)	(643)	(1,652)
Returns on investment and servicing of financing	89	74	195
	(1,470)	(569)	(1,457)
Taxation	0	0	0
Capital expenditure	(311)	(44)	(334)
Financing	118	6,249	6,334
Increase/(decrease) in cash	(1,662)	5,636	4,543

Revenue by geography

£000's FYE 31 March	H1 2007	H2 2006	H1 2006	YE 2006
UK	3,917	3,870	2,964	6,834
Rest of EU	247	206	49	254
	4,163	4,075	3,013	7,088
USA & Canada	317	191	154	344
Rest of World	123	49	52	101
	4,603	4,315	3,218	7,533

Activity split

Revenue by activity

£000's FYE 31 March	H1 2007	H2 2006	H1 2006	YE 2006
Content access fees	3,892	3,687	2,784	6,470
Content provider fees	699	611	392	1,003
Non-standard fees for MNOs	12	18	42	60
	<u>4,603</u>	<u>4,315</u>	<u>3,218</u>	<u>7,533</u>

Analysis of content provider fees

Package fees etc	699	519	257	777
Age verification	0	91	135	226
	<u>699</u>	<u>611</u>	<u>392</u>	<u>1,003</u>

Gross margin by activity

		% of py	
Content access fees	694	52.8%	1,315
Content provider fees	616	75.4%	816
Non-standard fees for MNOs	12	20.0%	60
	<u>1,322</u>		<u>2,191</u>

%gross margin by activity

Content access fees	17.8%	20.3%
Content provider fees	88.0%	81.4%
Non-standard fees for MNOs	100.0%	100.0%

Content provider fee forecasting

- High margin
- Three sales methods
 - Direct
 - Partner
 - Web
- Sales teams in USA, UK, Spain, Germany
- Introduced provision for attrition
- Improved invoicing arrangements

Content access forecasting

- Lower margin
- Three sources
 - Existing content providers (mix of large and small)
 - New “average” content providers
 - Big projects
- Net margin less volatile than “throughput”
- Accounting and VAT considerations

Market trends

- Move to “open”
- Move to “off-portal”

Improving technology

- Handsets more connected
- Connections getting faster
- Data costs coming down
- Music and video handsets

Internet vs messaging

- Internet players coming to mobile
- Mobile search & advertising

“ By 2007, 40% of the projected \$70billion global mobile content market will be outside carrier decks. ”

Source: Ovum

9/6/2006

Google Mobile AdWords Launching



Google Mobile AdWords Launching

Barry Schwartz at SEW reports on Google launching mobile ads in the US, UK and Germany (this was previously tested in Japan.):

The ads are being tested in U.S., U.K. and in Germany and are priced similar to how normal AdWords ads are priced, based on auction. Google has a whole help section for Mobile Ads [here](#). It explains what the ads look like; “Mobile ads contain two lines of text, with a limit of 12 or 18 characters per line, depending on the language in which you write your ad. Your destination URL appears on a third line if you choose to enter one.

Summary

- Market opportunity strong
 - Product and technology unique, proven, desirable, scalable
 - Pace of customer sign up is increasing
 - Focus on big project end user spending success
 - Strategic relationship with Yahoo!
-
- Management committed to transition to profit (cashflow positive)
 - Confident we will turn our strong technology & market position into significant value as market takes-off.

Supplementary

What we do



The mobile internet selling machine

- The reach and revenues of mobile
- The power and simplicity of the internet
- The benefits of the Bango community

Bango: Off portal



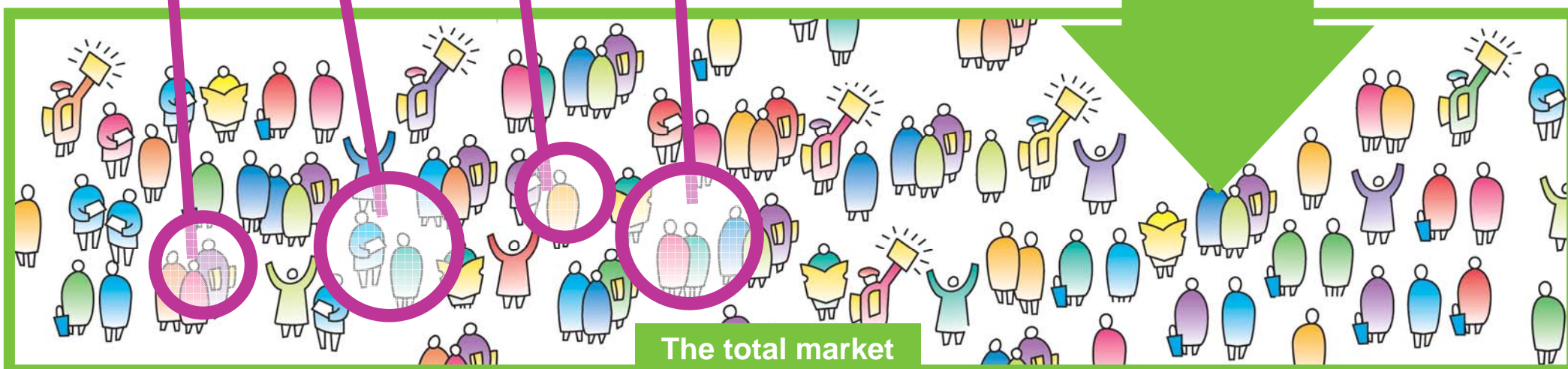
On-portal

Commercial relationship with each operator



Direct-to-consumer

Promote and engage directly with the whole market

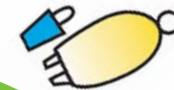


The total market

Off portal before Bango ...

- No easy “call to action”
- Country by country
- Operator by operator
- SMS aggregators and shortcodes
- Complex for users
- Taxes and e-money regulation
- Settlements, un-payables
- Operator codes of practice
- Currency conversion
- Loss of control to others

Fragmented Complex Expensive



Bango: Mobile internet made easy

Your mobile website

Your products, pricing, messages, services

Mobile internet

The Bango Service



The total market

Summary of Bango benefits



- **Connects you to your market:**
 - Gives you revenue generating traffic immediately.
 - Enables investment of your marketing \$ with solid return
 - Harness the power of Yahoo! and Google
 - Leverage traditional print, radio, web, marketing



- **Enables the best user experience:**
 - Personalize and localize the consumer experience
 - Reward loyal customers and make first time offers
 - Reduce customer service costs
 - Protect your rights



- **Maximizes your revenues:**
 - Convert more visits into sales
 - Sell your content to any consumer world-wide
 - Revenue guarantee prevents chargeback's & fraud
 - Higher margins thanks to BillRank™

Unique benefits

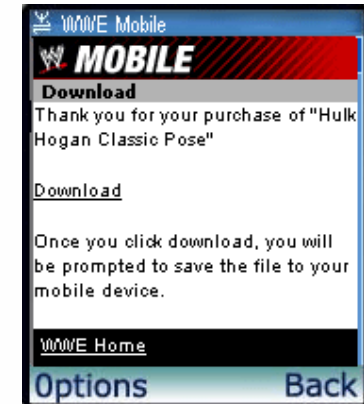
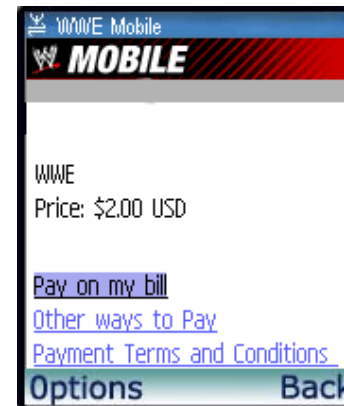
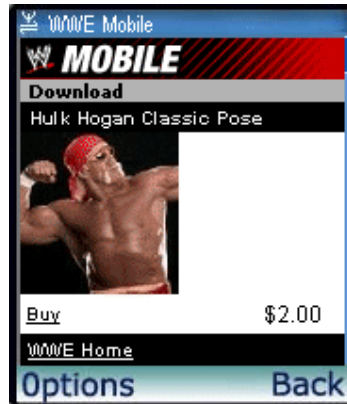
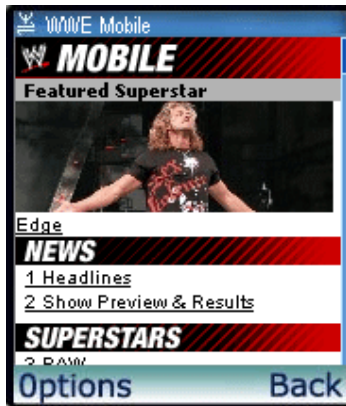
- one time integration
- Bango community
- safe choice
- future-proof
- global
- market insight

Off-portal browse and buy

User navigates your mobile site

Bango collects payment for content

You provide download page



- Operator-like shopping experience
- Billing within the WAP session
- Only pay per download
- No hidden costs
- T&Cs clearly displayed
- Build consumer trust



Bango maximizes revenue

Your mobile website

Aggregators

Premium SMS billing



>13,000,000
user profiles
across
3,000+ sites

Operator Billing

Direct connect to operator



Trusted status
with operators

Alternates

to expand coverage



Bango BillRank™ Technology

Factors:

Operator

User Info.

U/R/G rating

Billing cost

Min margin

Antifraud

Availability

User Pref.

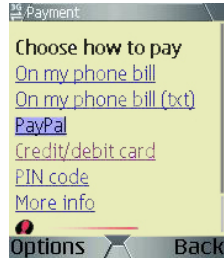
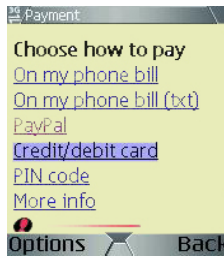
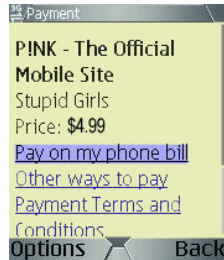
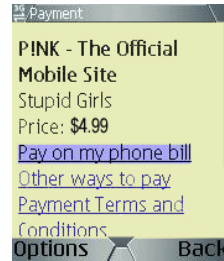


Example payment flows

Choose

Pay

Download

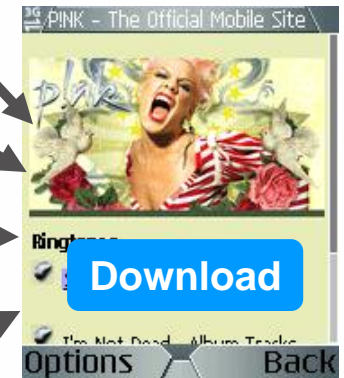


Direct on-bill
1-click payment

Currency and language
auto conversion

Credit/debit
card

PayPal



You customize the
look and feel