9 June 2009

BANGO PLC
("Bango" or "the Company")

Preliminary Results for year ending 31 March 2009

Bango (AIM: BGO) the mobile web payments and analytics company, today announces Preliminary Results for the year ended 31 March 2009.

Financial Highlights
(under IFRS, comparative data for FYE 31 March 08 except where otherwise indicated)

- Revenues up 28% to £17.6m (£13.76m). Up 61.0% between first and second half of FY09
- Gross margin stable at £2.66m (£2.77m). Composite percentage margin reduced to 15.1% (20.1%), reflecting rapid growth in end user spend
- Loss for the year before tax & share based payments reduced to £0.58m (£1.58m)
- Internal costs reduced by 25.1% to £3.14m (£4.19m), resulting in a second half performance close to breakeven, before benefit of an R&D tax credit that generated a net retained profit
- Cash balance of £0.83m as at 31 March 09. (£1.13m at March 31 2008)

Operational Highlights

- End user spend increased 69% between the first and second half of the year
- Several major US customers started their transition from using Premium SMS aggregators to Bango during the year, causing a five fold increase in US revenues
- Bango Analytics, the new Mobile Marketing product line, launched in February 2008 now has more than fifty paying customers including major brands
- New capabilities added to Bango platform to benefit from growth in WiFi connected mobiles

Ray Anderson, Chief Executive Officer of Bango, commented:

"After a year in which we focused on improving our sales and marketing productivity, we have seen strong growth in revenues. We enter the new year close to break even on a monthly basis, with significantly lowered costs of sale and strong signs that mobile web usage is accelerating. Working with mobile operators, content providers, brands, and other commercial partners and investors, we look forward to increasing shareholder value in the coming years."

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About Bango

Bango (AIM: BGO) provides a mobile web payment service that enables businesses of all sizes to collect payment for music, games, applications, videos and services sold to internet connected mobile phone users. Bango's service is able to charge these payments to the consumer's mobile phone bill or use other billing methods such as credit card based on intelligence about the consumer.

Bango also provides an analytics service for mobile web sites that provides accurate information about visitors and measures the effectiveness of marketing activities.

Visit www.bango.com.

Chairman's Statement

I am pleased to report on continued strong progress at Bango, as demonstrated in its results for the financial year to March 2009. The Company has grown sales by 28% while reducing operating expenses – resulting in significantly reduced losses and a break-even second half period. The trends in sales growth, profitability and transaction volumes point to a positive outlook for Bango.

Bango has built leadership in mobile web payment with its services. Bango is now enabling the largest US content providers, in particular, to generate increased growth and provide better customer experiences by migrating from legacy Premium SMS suppliers to Bango's web based systems.

Bango's technology, consumer information and relationships make the purchase process as close as possible to a "single click". Mobile content providers using Bango enjoy higher "view-to-purchase" conversion rates than those using alternative payment methods. Simply put, they make more sales.

The Bango system that provides this simplicity to the user and the increased sales to the content providers is highly sophisticated. The technology has required many years of development and refinement – involving transactions from more then 30 million unique mobile users. It is also closely integrated with the billing systems of major mobile network operators.

Bango is serving a large and growing market. The worldwide mobile content market is expected to surpass $64 billion by 2012, up from $20 billion in 2007, according to Juniper Research. Major mobile phone makers, mobile operators and internet businesses are driving the uptake of the mobile internet.

The growth in mobile content sales and the switch to an internet model for payment and delivery gives Bango the opportunity to develop a position of dominance in this important industry sector.

Bango's growth is driven both by businesses that are new to mobile content sales and by established mobile content sellers who are starting to transition their business from the older "Premium SMS" methods of content sales to the Bango platform. Both can benefit from the increasing popularity of the mobile internet and the increased sales opportunities through Bango.

I am pleased to see that the management's focus on cost control and operational efficiency has delivered results and positioned the Company well for further substantial growth in the future. The growth of revenue in the US market has been particularly satisfying.

I would like to thank the whole Bango team and shareholders for their continued commitment to maintaining Bango's leadership and success in this marketplace as it continues to grow.

Lindsay Bury
Chairman

CEO's Statement

Business is progressing well at Bango. Sales are up. Operating costs are down. The Company has a strong pipeline of prospects and increasing success from our existing customers. With a large market opportunity ahead of us, we have continued to develop our technology to adapt to market conditions and maintain our competitive advantage.

Approximately 70% of Bango's revenue growth has come from customers that increased their use of the Bango payment service during the year. The remainder is from new customers signed up during the year who chose Bango to enable them to benefit from the potential of the internet as a channel for their content to reach mobile consumers.

Many of Bango's customers are starting their transition from using SMS aggregators to send payment messages to the commercially more attractive and consumer friendly mobile web model. It is commercially more attractive because Bango delivers significantly higher conversion rates of clicks to collected payments than alternatives. This translates into higher profits for Bango customers or their ability to out-spend their competitors in marketing.

Following investments in self-service systems and the restructuring of the sales and marketing organization, Bango has reduced the cost of customer acquisition. The costs of operating the largely automated services are stable, meaning Bango expects to derive some valuable economies of scale in the future as absolute gross margins continue to grow ahead of costs.

Growing Transaction Volumes

End user revenue grew by 36% year on year and 69% half on half. It is now running at 2.7 times the level experienced in early June 2008. Absolute margin on end user spend was maintained whilst margin percentage reduced from 8.7% to 6.4% overall as a result of Bango's decision, as reported previously, to lower transaction fees for larger content provider customers, resulting in significant increases in revenue from larger customers and the opportunity for substantial future growth.

Bango sees significant potential for growth in the volume and end user value of transactions from our current customers. Internal estimates indicate that the Top 10 customers have moved around 5-10% of their operator billing activity from legacy SMS aggregators to Bango during the year. There are compelling business reasons for much of the rest to move to Bango and the Company is working with our customers and the mobile operators to facilitate this transition.

As new mobile network operators (MNO) connect to Bango to provide their billing services to Bango customers, this will also drive transaction volumes. The AT&T and Sprint contracts won before the beginning of the year under report drove most of the growth in US transactions. In April 2009 Bango signed an agreement with another "Top 4" US mobile operator to further expand Bango's US coverage. This will enable increased transaction volumes for existing and future customers.

Looking at growth from new customers, Bango has a sales pipeline of large and medium sized businesses that have either not yet started the transition from legacy SMS to mobile web or who want to move from the traditional "PC" web to the mobile internet to benefit from the increasing volume and spending power of mobile phone users. As customers sign up and start using the Bango service, their success in selling their products via the mobile internet should drive more transaction volume.

Growing the Bango Customer Base

Bango's self-serve process, coupled with web marketing, PR and industry reputation has generated several thousand customer sign-ups at www.bango.com for both payment and analytics customers. Bango sales and marketing teams then support these customers to upgrade their basic product, which generates more customers paying a recurring monthly fee and motivated to drive end user spending.

In early 2008 Bango introduced a range of simpler and lower cost products, requiring reduced sales effort and allowing us to reduce sales and marketing costs by about £0.7m year on year. Some migration occurred with existing customers moving to lower cost Bango products. This move put Bango in a stronger position for future growth and strengthened our competitive position.

In January 2009, Bango changed from a policy of encouraging free, indefinite, use of low end "Analytics S" products to one of offering a one month "free trial" of the more capable "Analytics M" product which normally incurs a monthly fee. Around 10% of these trials upgraded to a satisfied, paying customer. This was a higher rate than the number of customers upgrading from the "free" product in a similar time period, and it appears that prospects were more motivated to integrate and test the product during the first month.

Shortly after the year end Bango expanded this process to Payment products. With more than 11,700 users of the free "Bango Starter", the plan is now to offer them a more functional product for a small monthly fee. Extended use of the free product, other than an initial trial period will be phased out.

Sales and Marketing Activity

Bango's decision last year to strengthen the self-serve product proposition to enable a reduction in customer acquisition costs and grow sales and margins without increasing expenditure is continuing to succeed. For the second year running, costs have been reduced while sales and margins have grown.

The "self serve" signup at Bango.com was augmented by a small telesales team during the year, enabling Bango's "industry experts" to focus on larger accounts with more complex requirements. This ensures Bango can meet their technical needs and also smoothes their transition from using SMS aggregators to the Bango "mobile web billing" platform.

Bango Analytics had its first year of sales and is off to a promising start with several leading brands adopting the product to measure the effectiveness of their mobile marketing campaigns.

With its reputation for accuracy and independence of measurement, Bango is seeing the first signs of Bango Analytics being used as an "independent measurement" of page traffic and quality – to enable mobile website owners to sell advertising space at higher prices.

Product development

The development focus during the year was on improving the ability of Bango systems and partners to collect payments from consumers in the key countries of USA, UK, Spain and Germany where content provider customers see most opportunity.

A key commercial success factor in selling to mobile users is the "payment conversion rate" – the proportion of users who choose to buy something from whom payment can be collected. An improvement in conversion rate of 2% can lead to a 20% or more improvement in profit for the content provider.

A number of unique technologies developed by Bango during the year have succeeded in improving payment conversion rates by 1% to 20% or more compared with alternatives.

During the year the Bango UserID system was expanded to embrace users connecting their mobile phones through WiFi or "non-operator" connections. This enabled Bango – and therefore our customers – to improve conversion rates when users access content providers through such routes, especially when using credit cards. Bango technology also has potential benefit to mobile operators, who otherwise lose sight of their subscribers when they "bypass" the operator networks though WiFi connections.

Bango data shows that mobile phone access via WiFi grew from a 2% share to a 7% share over the 2008 calendar year. This traffic is invisible to mobile operators. Bango can provide them with useful and accurate information about the behavior of their consumers and can also enable operator billing when subscribers are not using an operator network – potentially a big profit opportunity for the operators.

For example, Bango can use mobile operator billing to collect payments from iPhone users browsing over WiFi. The operator would not be able to do this as they are not involved in the activity between the user of the iPhone and the content provider's website. Bango's operator alliances team is now discussing these new opportunities to benefit from Bango technology with selected mobile operators.

The Bango roadmap for the coming year concentrates on further improving the conversion rates of Bango Payment products, especially in the territories where the most powerful content providers focus. This gives Bango customers a significant competitive edge compared with others, and Bango is dedicated to giving them the tools to succeed in their markets.

Bango is negotiating contracts with several mobile operators who want to open up their billing capabilities to a broader audience. Bango expects to make announcements of the fruits of this work in 2009.

In March 2009 Bango appointed Lee Davies to the role of Chief Technology Officer (CTO), reflecting the increasing need for Bango to engage at a technology planning level with influential partners and peers in the mobile internet, such as Yahoo, Vodafone, Nokia, AT&T, Sprint, Google and Microsoft. As these organizations increasingly consider Bango as a technology or service provider, it is important to better understand their architectures and roadmaps so Bango can better supply them or compete with potential alternatives.

New Analytics Product for Mobile Marketing

The beginning of the year saw the launch of Bango Analytics, a new product that enables businesses of all sizes to get a better return from their investment in marketing and advertising campaigns on the mobile web. Bango provides more accurate and comprehensive data than any alternative. Information about mobile users responding to campaigns and what they do is captured and presented in an easy to use form to enable informed decision-making.

It is a widely held view within advertising agencies that the inability to measure the effectiveness of mobile marketing is holding back investment. Gartner (IT) forecasts the mobile advertising market could grow to £5.5 billion in global revenue in 2011, up from less than £500M a year in 2007. Tools such as Bango Analytics which can demonstrate or even improve the return on this investment should be able to attract a significant part of this expenditure.

Bango Analytics can be used to measure the conversion rates of existing payment products. Bango believes this will demonstrate the benefits of moving to Bango payment products by those who use alternative ways to collect payments from mobile users.

Being early to market, exploiting our 9 years of technology development, with an established initial customer base, and low costs of sale, Bango is well positioned to capitalize on this growth. The Company has packaged its unique technology for a new set of customers – those that use the mobile web for marketing or customer engagement rather than for selling digital content.

System Availability, Reliability and Scalability

Bango services are delivered by software running in our datacenters, enabling us to sign up new customers and grow them with little or no extra operating cost. System availability is vital to our customers. Less than two hours of service were lost in the 12 months.

Bango regularly reviews procedures, capabilities and scalability plans with larger customers to ensure the ability to meet their present and future needs. Several have advised the Company that they require capacity for ten or twentyfold transactional volume increases in the coming year.

During the first part of 2009, a serious bug was discovered in the back end systems of one of our mobile operator partners. Bango was able to help the operator to work around the problem, reducing the revenue loss for content providers using this payment method.

Privacy has become an increasingly important issue for the industry and consumers over the year. Bango recognizes the importance that individuals place on their personal data. Bango collects information about the web sites that mobile phone users visit, where they spend their money or their time, their mobile operator, choice of handset over time, and potentially other information such as credit card data, phone number and so on.

Bango holds information on more than 40 million unique mobile subscribers, and this is growing at the rate of more than 1 million a month. It is therefore vital that we continue to comply with best practice on privacy and data security. We therefore appointed Tim Moss to the role of Chief Data Officer (CDO) in February 2009 to ensure we meet or exceed industry best practice and ensure the necessary security of consumer data.

Financial performance

Gross revenue in FY2009 grew by 28% compared with the previous year to £17.6m and in the second half of the year by 61% compared with the first half year. Revenue from outside the UK accounted for 61% (£10.8m) of total revenue for the year, up from 22% (£3.1m) in the previous year.

Gross profit in the second half grew 12% compared with the first half, to give a gross profit for the year of £2.66m.

End user revenue grew by 36% year on year, 69% half on half, and is now running at about 2.7 times the level experienced in early June 2008. Absolute margin on end user spend was maintained at £1.01m, whilst margin percentage reduced from 8.7% to 6.4% as a result of Bango's decision, as reported previously, to lower transaction fees for larger content provider customers, resulting in significant increases in revenue from larger customers and the opportunity for substantial future growth.

In early 2008 Bango changed the sales process for content providers by introducing simpler and cheaper products, requiring reduced sales effort and reducing sales and marketing costs by about £0.7m year on year. As a result, some migration occurred with existing customers moving to cheaper Bango products. Gross margin from content provider fees only reduced by £0.08m year on year, whilst putting Bango in a much stronger position for future growth.

Sales of Bango Analytics products, launched during the year, made a small contribution to content provider revenues although not significant enough to warrant separate analysis at this stage.

Administrative expenses decreased by about £1.15m (26.2%) to £3.26m from £4.41m in the previous year, mainly as a result of significant improvements in sales and marketing efficiencies.

The loss before tax was £0.65m, improved by 65% compared with the loss of £1.83m in FY07, and the retained loss for the year was further reduced to £0.48m by the receipt of £0.17m from R&D tax credits.

The cash used by operations for the year was £0.38m (£0.87m) broadly in line with the loss for the year. Expenditure on assets totaled £0.41m, including £0.35m on internal R&D relating to Analytics product development which was completed in April 2009 when we released Analytics 4.0. In July 2008 the Company raised £0.48m from the issue of new ordinary shares to some existing major shareholders at the then market price of 33.5p to give the Company the flexibility to accelerate payments to certain customers.

Industry Trends

Bango management sees a number of trends that are growing the market opportunity for Bango:

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

Once a mobile web site is established, it is immediately accessible to mobile internet users around the world. Users must be geo-located, age-verified for certain content types, MNO's identified and a variety of currencies and payment options might be accepted. The appropriate taxes must be collected and paid, payment fraud risk mitigated, and assurances made that products are not available to banned locations or inappropriate consumers. These and other requirements of a web enabled system make it an expensive and potentially risky undertaking for any business. These factors also make a comprehensive and highly effective outsourced Bango offering an attractive alternative.

Traditionally consumers have been encouraged to obtain digital content on a PC and transfer it to a mobile device. With the mobile phone replacing the iPod as the most popular music device and more phones having internet capability, consumers are becoming increasingly comfortable with the direct delivery of digital products, including software, audio-books, e-books, computer games, video games, music, and video to their mobile phones.

This shift to direct delivery is being driven by benefits to both buyers and sellers of these products. For buyers, downloaded products are immediately available for use, without the inconvenience of a "side load". For sellers, direct delivery increases the speed of user wish fulfilment and maximizes the chances of repeat sales.

Bango’s technology and relationships are focused on enabling successful mobile web business models because mobile devices are increasingly the way in which consumers will be connected to content in the future. Many of the world’s largest content providers agree with Bango and are starting to use Bango’s services and products to replace traditional SMS driven content delivery.

Traditional internet payment mechanisms such as PayPal have been targeting the mobile market for many years but continue to show very poor conversion rates. Bango expects that during 2009 and 2010 PayPal will make changes to its systems to become more effective and this could open up a new opportunity for Bango to collect payments from some user groups.

“Application Stores” such as the Nokia OVI store and the Apple App Store are an alternative for vendors of applications in particular. In the case of the Nokia, Blackberry and Android App stores, Bango sees opportunities to help these increase their conversion rates by adding Bango payment services, and in any case content providers can use Bango where they do their own marketing and sell via the App stores where customers discover their products through that route.

The iPhone case is more interesting. Apple has restricted the functionality from its mobile phone browser to prevent the download of applications, music or video unless they have come through an “Apple approved channel” or by side-loading. This has restricted the size of the market for content providers targeting that device. Several content providers are however using Bango to charge iPhone users for chat, information or streaming services, which are not blocked by the iPhone.

Outlook and Strategy for FY ending March 2010

Bango’s strategy for the coming year is to focus on deepening success in key markets where the largest customers and biggest immediate opportunities are located. Global reach is a benefit of the Bango system, but Bango’s most successful customers are focusing on getting higher returns from key successful markets so Bango will align its focus accordingly for the current financial year.

The market continues to develop broadly in the way Bango’s management envisage. Two years ago, the mobile internet was seen by many as a novelty, last year it was a minority activity. Today it is seen as an important and growing driver of consumer usage of mobile devices – with devices such as the Blackberry and the iPhone having mainstream appeal and Internet companies such as Google getting more involved in mobile phones.

The new Bango Analytics product is building a good reputation for precision & quality. Bango encounters competition from Nielsen or Omniture in our larger prospects, but according to these prospects they do not have the accuracy or quantity of data Bango can provide.

Bango expects to see continued revenue growth in the year ahead, driven by an increasing number of customers and a growing volume of transactions. The investments made in previous years mean Bango has a stable, automated, highly scalable system. This coupled with a proven business model and carefully managed cost base means Bango is well positioned for profitable growth in the year ahead. The mobile internet is still in its early stages but Bango management is confident of its ability to adapt to benefit from market developments.

On behalf of the Board, I would like to express my gratitude to Bango’s partners and employees for their continued support. Working with mobile operators, content providers, billing companies and other commercial partners and investors, Bango looks forward to increasing success in the year ahead.

Ray Anderson
Chief Executive Officer

Consolidated income statement

	Note	**2009** **£**	2008 £
Revenue	4	**17,607,176**	13,758,468
Cost of Sales		**(14,947,758)**	(10,993,053)
Gross profit		**2,659,418**	2,765,415
Administrative expenses before share based payments		**(3,256,390)**	(4,409,832)
Share based payments		**(62,496)**	(258,060)
Total administrative expenses		**(3,318,886)**	(4,667,892)
Operating loss		**(659,468)**	(1,902,477)
Investment income		**13,426**	67,168
Loss before taxation		**(646,042)**	(1,835,309)
Income tax		**168,545**	–
Loss for the financial year		**(477,497)**	(1,835,309)
Basic and diluted loss per share (pence)	5	**(1.72)**	(6.82)

All of the activities of the group are classified as continuing.

Consolidated balance sheet
As at 31 March 2009

	2009	2008
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	**259,377**	318,356
Intangible assets	**352,738**	4,350
Non-current assets	**612,115**	322,706
Current assets		
Trade and other receivables	**4,312,289**	2,506,700
Cash and cash equivalents	**826,283**	1,126,033
	5,138,572	3,632,733
Total assets	**5,750,687**	3,955,439
EQUITY		
Capital and reserves		
Share capital	**5,673,712**	5,383,282
Share premium account	**5,504,749**	5,320,067
Merger reserve	**1,236,225**	1,236,225
Other reserve	**916,391**	853,895
Accumulated losses	**(12,385,076)**	(11,907,579)
Total equity	**946,001**	885,890
LIABILITIES		
Current liabilities		
Trade and other payables	**4,804,686**	3,069,549
Total liabilities	**4,804,686**	3,069,549
Total equity and liabilities	**5,750,687**	3,955,439

BANGO PLC

Unaudited results for the 12 months ending 31 March 2009

Consolidated summarized cash flow statement

		2009	2008
		£	£
Net cash used by operating activities	6	**(376,069)**	(873,341)
Cash flows generated from/ (used by) investing activities			
Purchase of property, plant and equipment		**(59,748)**	(21,804)
Addition to intangible assets		**(352,471)**	-
Interest received		**13,426**	67,168
Net cash generated from/(used by) investing activities		**(398,793)**	45,364
Cash flows generated from financing activities			
Proceeds from issuance of Ordinary Shares		**475,112**	22,916
Net cash generated from financing activities		**475,112**	22,916
Net decrease in cash and cash equivalents		**(299,750)**	(805,061)
Cash and cash equivalents at beginning of year		**1,126,033**	1,931,094
Cash and cash equivalents at end of year		**826,283**	1,126,033

BANGO PLC

Unaudited results for the 12 months ending 31 March 2009

Consolidated statement of changes in equity

Group	**Share capital £**	**Share premium account £**	**Merger reserve £**	**Other reserve £**	**Accumulated losses £**	**Total £**
At 1 April 2007	5,369,548	5,310,885	1,236,225	595,835	(10,072,270)	2,440,223
Loss for the financial year	-	-	-	-	(1,835,309)	(1,835,309)
Total income/(expense) recognized for 2007/8	-	-	-	-	**(1,835,309)**	**(1,835,309)**
Exercise of share options	13,734	9,182	-	-	-	22,916
Share based payment charge	-	-	-	258,060	-	258,060
	13,734	9,182	-	258,060	(1,835,309)	(1,554,333)
At 31 March 2008	5,383,282	5,320,067	1,236,225	853,895	(11,907,579)	885,890
Loss for the financial year	-	-	-	-	(477,497)	(447,497)
Total income/(expense) recognized for 2008/9	-	-	-	-	**(477,497)**	**(447,497)**
Issue of new shares	269,000	171,575	-	-	-	440,575
Exercise of share options	21,430	13,107	-	-	-	34,537
Share-based payment charge	-	-	-	62,496	-	62,496
	290,430	184,682	-	62,496	(477,497)	60,111
At 31 March 2009	5,673,712	5,504,749	1,236,225	916,391	(12,385,076)	946,001

Notes

1. General information

Bango plc ("the Company", a United Kingdom resident, and its subsidiaries (together "the Group") provide services to facilitate activity in the mobile internet. The Company's shares are listed on the Alternative investment Market of the London Stock Exchange ("AiM"). The address of the Company's registered office is 5, Westbrook Centre, Milton Road, Cambridge CB4 1YG.

2. Basis of preparation

The Group has prepared its Annual Report in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 1985.

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

3. Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Residual values and useful economic lives are assessed annually. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Leasehold improvements	20% straight line
Office equipment	20% straight line
Computer equipment	33.3% straight line

3.2 Intangible assets

Acquired 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

3.3 Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. Until completion of the development project when amortisation can be charged on the intangible asset, the assets are subject to an annual impairment test. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use.

3.4 Trade receivables

Trade receivables are recognized initially at fair value and are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

3.5 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

3.6 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement, except where it relates to items charged or credited directly to equity. Tax refunds received in relation to R&D tax credits are included in the year in which they have been received.

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 equity.

There is no income tax liability unpaid at the balance sheet date.

3.7 Revenue recognition

End users make a prepayment to the Group prior to accessing chargeable mobile internet content.

Content access fees are received from end users and are recognized as revenue at the time at which end users access chargeable mobile internet content.

Where there has been no activity on an end user account for a period of 90 days, the balance remaining is released to revenue in accordance with the end user terms and conditions, because of operating policies of mobile network operators relating to number reissue.

Revenue from the sale of licences to content providers and service contracts is recognized in the financial statements over the period of the contract.

Revenue from services provided to mobile phone operators and content providers are recognized in the financial statements over the period of the contract.

3.8 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 as they fall due.

3.9 Share-based payment transactions

The Group issues equity settled share-based compensation to certain employees (including directors). Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group’s estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

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

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, and any expense not yet recognized for the transaction is recognized immediately. However, if a new transaction is substituted for the cancelled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Share-based payment transactions are shown separately in the Consolidated Income Statement.

3.10 Operating loss

The operating loss is stated before investment income and finance costs.

3.11 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of the transaction. Exchange gains and losses are included in the income statement for the period.

3.12 Segment reporting

A segment is a distinguishable component of the group services or operating geography. The primary segmentation is by type of service, with a secondary segmentation by geography.

3.13 Financial instruments/ liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

3.14 Share capital and reserves

Share Capital

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium where a group reorganisation qualifies as a common control transaction.

Other reserve

The other reserve represents equity-settled share-based employee remuneration until such share options are exercised.

3.15 Research and development

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

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

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

The cost of an internally generated intangible asset comprises all direct attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on the project development. These costs are recognised as intangible assets. Until completion of the project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset and is shown within administrative expenses in the income statement.

4. Segment information

(a) The Group operates in two main business segments (2008 three). Management reporting is based principally on the type of service provided to customers. Accordingly, the Group presents its primary segment analysis on this basis:

Year ended 31 March 2009

	Content access fees	**Content provider fees**	**Services to MNOs and advertising revenues**	**Group**	**Total**
	£	**£**	**£**	**£**	**£**
Segment revenue	15,912,581	1,694,595	-	-	17,607,176
Segment costs	(14,896,739)	(51,019)	-	(3,318,886)	(18,266,644)
Segment result	1,015,842	1,643,576	-	(3,318,886)	(659,468)

Year ended 31 March 2008

	Content access fees	**Content provider fees**	**Services to MNOs and advertising revenues**	**Group**	**Total**
	£	**£**	**£**	**£**	**£**
Segment revenue	11,723,253	1,968,116	67,099	-	13,758,468
Segment costs	(10,707,050)	(246,734)	(39,269)	(4,667,892)	(15,660,945)
Segment result	1,016,203	1,721,382	27,830	(4,667,892)	(1,902,477)

Group costs include all costs associated with staff, property & office, marketing and depreciation.

(b) The secondary segment analysis is presented on a geographical basis:

	2009	2008
	£	£
United Kingdom	**6,782,898**	10,680,360
EU	**635,117**	1,254,900
US and Canada	**9,807,272**	1,441,360
Rest of the World	**381,889**	381,848
	17,607,176	13,758,468

5. Basic and diluted loss per share

The basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Loss for the period	**£477,497**	£1,835,309
Weighted average number of shares in issue	**27,794,361**	26,906,358
Basic and diluted loss per share	**1.72p**	6.82p

Share options outstanding at 31 March 2009 and 31 March 2008 are considered to be non-dilutive.

6. Cash used by operations

	2009	2008
	£	£
Loss for the year	**(477,497)**	(1,835,309)
Depreciation and amortisation	**122,810**	220,861
Taxation in income statement	**168,545**	-
Net finance costs	**(13,426)**	(67,168)
Share-based payment expense	**62,496**	258,060
Increase in receivables	**(1,805,589)**	(83,434)
Increase in payables	**1,735,137**	633,650
Corporation tax rebate	**(168,545)**	-
Net cash used by operations	**(376,069)**	(873,340)

7. Share capital

During the year 1.345m new shares were issued at 33.5 pence per share. The total proceeds were £440,575 (net of issue costs of £10,000) of which £269,000 was recognized as share capital and £171,575 as share premium.

During the year, 107,148 share options were exercised at exercise prices between 28.75 pence and 50 pence and a par value of 20 pence per share. The total proceeds were £34,537 of which £21,430 was recognized as share capital and £13,107 as share premium.

During the year 375,435 options were granted to employees, including 62,500 to Peter Saxton, a Director.

8. Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year-ended 31 March 2009 have been extracted from the group's financial statements. The auditors have yet to report on the statutory accounts for the year ended 31st March 2009.

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