Report and accounts for the nine month period ended 31 December 2012

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Bango
Mobile payment and analytics for app stores, mobile apps and websites.
bango.com

In the era of mobile technology, collecting payments has emerged as a central and complex challenge. Bango powers payment and analytics, providing users with a massively smooth payment experience. Bango's pervasive presence across the web creates a platform effect for partners, identifying hundreds of millions of users and maximizing the number of one-click payments.

Alongside Bango’s unique payments technology, Bango Analytics provides insights into how users interact with campaigns, websites, apps and media content. Providing brands and publishers with a complete understanding of their customer’s journeys, behavior, engagement and loyalty, allowing them to optimize and meet monetization goals.

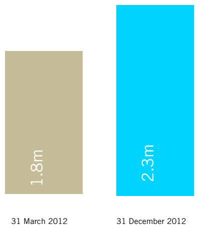
Global leaders plug into Bango: partners include Facebook, BlackBerry, Microsoft, Amazon and major mobile brands including CNN, Cartoon Network and EA Mobile.

The period 1 April 2012 to 31 December 2012 saw Bango reach 200 million billable identities, exceed 90 connected operators around the world and the total addressable market reach 1 billion mobile phone users.

Highlights

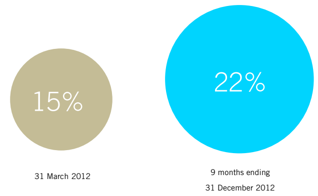
Cash position (£m)

↑28%



Gross profit (%)

↑7%



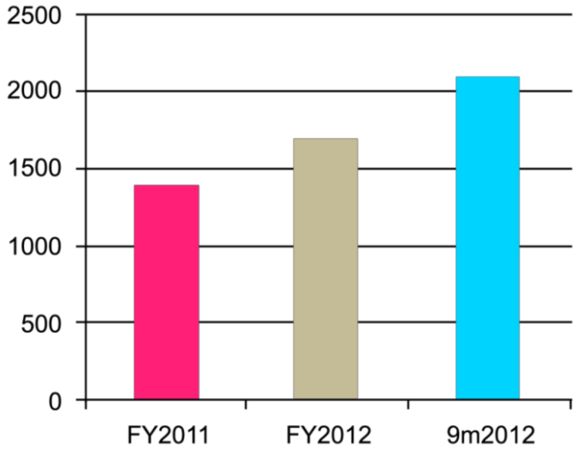
Financial highlights

- Turnover for the 9 months of £7.4m (12 months to 31 March 2012: £15.6m), reflecting the shorter accounting period, and the managed phase out of the feature phone business
- Gross Profit for the 9 months of £1.58m (12 months to 31 March 2012: £2.29m)
- Total loss after tax of £2.4m (12 months to 31 March 2012: loss of £0.93m)
  - Technology and personnel investments to support the continued growth of the business
  - Increased spend to prepare for the forthcoming release of BlackBerry 10
- Raised £3.25m from existing shareholders in June 2012

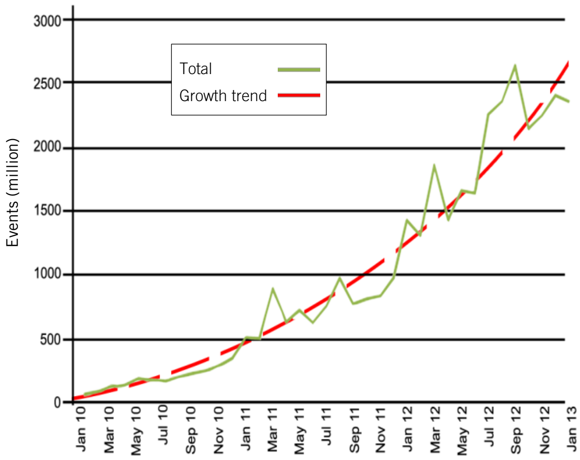
Operational highlights

- Bango holds over 200 million billable identities, total reach exceeding 1 billion mobile phone users and is connected to 90+ global mobile operators
- Strong continuing momentum with industry leaders:
  - Rollout with Facebook across USA, UK, France and Germany
  - First Google Play operator billing live in December 2012 with Telstra in Australia
  - Microsoft's Windows Phone Store integration underway in initial countries
- Analytics transaction volumes continued to grow at increasing rates
- Product development including new releases of Bango Payments and Bango Analytics
- Management team strengthened with recruitment of CFO and COO

Number of active content providers



Number of analytics events



Chairman's statement

Bango's industry leading mobile operator billing platform has become the technology of choice for leading mobile operators, the world's largest app stores and major content publishers

- Technology of choice
- Higher average conversion rate
- Facebook and Google deployed
- New agreements announced
- Market growth

During the 9 month period we report on, Bango's industry leading mobile operator billing platform has become the technology of choice for leading mobile operators, the world's largest app stores and major content publishers for the collection of payments from web connected mobile device users.

The Bango Payments Platform is integrated with mobile operator networks to enable easy collection of payments from more than 1 billion phone users around the world. This achieves a significant sales uplift compared with credit cards alone, one Bango believe is further amplified by its unique identification capability allowing one-click billing across network and Wi-Fi environments. Bango believe it is this demonstrable value and important contribution to the mobile internet ecosystem that will ensure it remains at the forefront of the mobile internet payments market.

During the period Bango started to deploy services to collect payments for Facebook and Google, and announced relationships with Microsoft and Telefónica. The relationship with BlackBerry expanded to cover more than 90 mobile operators in 45 countries in preparation for the launch of BlackBerry 10 following the period end. Whilst operator billing remains in the early stages of adoption Bango continue to see high potential in the market.

Bango also continued to drive a shift away from legacy feature phone business since the decision to focus the Bango Platform and marketing on smartphones in 2010. Revenues through Bango's new smartphone app store partners grew to account for over 77% of end user spend in December 2012, with growth continuing into January and February 2013.

Bango serves a large and growing market. Revenues from mobile content, monetized through direct operator billing, is expected to rise from $2bn in 2012 to more than $13bn by 2017, according to Juniper Research. The mobile application download market in particular is expected to show rapid growth; Gartner predicts that by 2014 revenues will reach $58 billion, up from $4.2 billion in 2009.

The Bango team operationally continues to deliver, and in order to support a significant scaling-up in future transaction volumes, Bango have continued to augment operations. Bango were delighted to strengthen its management by recruiting Gerry Tucker as CFO and David Keeling as COO.

I would like to thank all of Bango's employees and partners for their unswerving efforts to make Bango a key player in this exciting, fast-growing, global industry. I would also pass on all our thanks to our investors for their continued support in Bango.

David Sear
Chairman

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CEO's statement

- Industry leading technology
- Investment in personnel and technology
- Key partner updates
- Bango Analytics growth
- Key hires as growth continues
- New technology releases
- Emerging markets
- Outlook

Bango enables users to quickly and easily pay for digital content, services and virtual goods on their smartphone. Bango has been a pioneer of mobile payments since 1999, and over the last two years established itself as the industry leading technology and partner of choice.

Bango has built a unique and powerful payments platform, which enables its partners such as Facebook, BlackBerry, Amazon, Microsoft, and others, to provide content and collect payments from consumers by integrating the billing systems of more than 90 mobile operators around the world into a common platform.

Bango reduces the cost and time to market and also provides a superior user experience to enable more sales than a business could get by a simple direct connection to one or more billing systems. The Bango powered payment process benefits from a user's previous interactions across multiple content providers – which a content provider operating alone cannot use. Bango also provides automated settlement, currency and tax management, risk management and reporting systems to reliably collect payments for content providers and powerful analytics to monitor user behavior and marketing.

Overview

Bango has been successfully executing on its plan to support a significant scaling-up in future transaction volumes by investing in its management and operational teams, data centers and innovative payments platform and analytics products.

In the 9 month period to 31 December 2012, Bango made significant commercial progress with many of its industry leading partners, such as the roll-out with Facebook across the USA, UK, France and Germany. Important progress has also been made with Mobile Network Operators (MNOs) direct billing integrations which now exceed 90, expanding Bango's reach to more than 1 billion mobile phone users. Dozens of additional integrations are underway to expand this already substantial billing reach. On 17 January 2013, Bango was delighted to announce a global mobile payments partnership with Telefónica. The partnership will integrate Telefónica's global platform, BlueVia, with the Bango Payments Platform.

Facebook

Bango provides Facebook with mobile web MNO billing as part of an improved mobile payments flow that enables Facebook's mobile web users to easily purchase digital content without using Premium SMS messages or being restricted by the limitations of credit cards. Facebook users can enjoy frictionless operator billing, paying on their phone, without entering personal details.

The relationship with Facebook was initially announced in February 2012 and Bango has been pleased with the deployment to date; the Facebook service was launched in the USA in June 2012, the UK in June 2012, Germany in September 2012 and France in November 2012.

In late 2012 Facebook began trialling a paid service called Promoted Posts. This allows Facebook users to 'push' a message posted on Facebook to a wider audience by paying a few dollars. The payment can be quickly and conveniently charged to the user's phone bill through Bango, without disrupting the posting experience. Once a post has been sponsored, Facebook can advise how many friends saw the post, and indicate the increase as a result of promoting it.

Google Play

In December 2012, Bango announced that its first Google Play operator billing integration had been launched with Telstra in Australia. Google Play delivers music, books, movies and apps straight to hundreds of millions of users around the world. Bango expects to deliver further operator connections into Google Play in the coming year, as Android market share continues to grow Mobile Network Operators are increasingly approaching Bango to use the Bango Payments Platform to connect their billing systems to Google Play for Android.

BlackBerry

BlackBerry was Bango's first major app store partner, which launched in September 2010. BlackBerry World now uses Bango direct billing connections to collect payments from more than 50

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Bango has a unique technology platform, extensive mobile network operator relationships and industry-leading partners at the forefront of developments in the market

MNO's in North America, Europe, South America and Asia.

On 30 January 2013, BlackBerry launched BlackBerry 10 (BB10), a new smartphone and tablet platform that improves usability. The devices will be offered as full touchscreen handsets, or as keyboard plus touchscreen, maintaining the appeal of BlackBerry for messaging. Bango has worked extensively with BlackBerry during the period to prepare for the BB10 launch.

Additionally, BB10 increases the number of apps available to BlackBerry users. Based on information from BlackBerry about the number of apps available on BB10, additional content types, and improvements made to the app store user interface, the Board expects the launch of BB10 to increase app sales.

Microsoft

Following the announcement of Bango's relationship with Microsoft in May 2012, Bango began integration of its platform with the Windows Phone Store. Bango is pleased to report that this process of integration is actively underway with mobile operator billing systems in three initial countries.

MasterCard PayPass Wallet

In May 2012, MasterCard announced its relationship with Bango as a technology partner to support its new PayPass digital wallet. In the same way as a wallet holding credit cards, Bango's technology can be used to access bank credentials or pre-paid funds, enabling quick and easy payment collection from users. Mobile wallets are not currently widely used, but Bango is well positioned for when they become more popular.

Wallet providers that integrate with Bango can achieve more rapid deployment of their services to a wide range of Bango connected digital merchants. From the merchant's point of view, Bango significantly improves the user experience by presenting a wallet if the user has it, based on previous interactions or information from the wallet provider - but not presenting a payment method the user does not have.

Amazon

An agreement was signed with Amazon in December 2011 and, as expected, did not generate significant revenue during the 9 month financial period. The relationships continue to develop and management is encouraged by the progress to date.

Bango Analytics

Bango Analytics provide important technical and commercial synergies; it is highly valued by customers because it provides information unavailable anywhere else. It is highly complementary with the Bango Payments Platform. Growth in transaction volumes on the analytics platform has continued at increasing rates, driven mainly by increasing numbers of mobile websites and downloaded applications using it.

Significant analytics customers include NBA, CNN, Thomson Reuters and Telefónica. Android, iOS, BlackBerry, Windows, HMTL5 and other platforms are all driving traffic – adding millions of users to the Bango ID database every month.

Strengthened management team

Bango has made several key hires to strengthen its capability to consistently deliver the high levels of service expected by Bango customers and partners as the business continues to grow, transaction volumes increase and Bango continues to innovate. It will also assist Bango to commercialize further opportunities that are arising.

In November 2012 Gerry Tucker was warmly welcomed to the Board as Chief Financial Officer (CFO), replacing Peter Saxton who announced his retirement after 8 years with Bango in May 2012. Gerry brings extensive experience gained in leadership roles within NASDAQ listed computer games businesses, a regulated financial trading platform and in Vodafone.

David Keeling also joined Bango's senior management team as Chief Operating Officer (COO) in November 2012, following a thorough international search and selection process. David brings extensive high volume operational and global account management experience to this newly created role following 15 years in key management roles in leading mobile businesses.

Product development

Bango continually progresses its patented, industry leading and innovative technologies. Tools and frameworks are in place for technical integrations with

The Bango Payments Platform delivers a 300% - 1,000% sales uplift compared with traditional credit card methods, and this is amplified further due to the Bango identity database

mobile operators, the platform is highly scalable and capable of handling significant increases in volumes, and Bango has unique authentication and identification technology. The Bango Payments Platform delivers a 300% - 1,000% sales uplift compared with traditional credit card methods, and this is amplified further due to the Bango identity database, particularly for the increasing number of Wi-Fi connected users.

New releases of the Bango Payment flows technology and of the Bango Analytics product were made during the 9 month period to deploy innovations and improve payment conversion rates and performance.

Following a review of future privacy and security requirements with Bango key partners and prospects, Bango developed and initiated a trial of new privacy technology that will enable Bango's partners to give their users the ability to block access to the information collected about them by Bango, in anticipation of future evolution of privacy policy best practice.

During the final quarter, a major platform refresh was installed and put into production at Bango's primary data center. Faster internet connectivity, a larger array of servers, enhanced security systems and additional storage now enable Bango's core identity server to handle the significantly higher transaction volumes - anticipated by larger partners - whilst maintaining rapid response times. These developments ensure the continual provision of excellent user experience in payment flows while gathering analytical information from apps or web pages.

Market overview

The smartphone user base is growing fast, with the overall global smartphone market estimated to have grown by 46.9% from Q2'11 to Q2'12, with Windows Phone and Android driving the majority of this growth. Android saw in excess of 100% growth in the period, and now enjoys 68.1% of the smartphone market (Canalys 2012).

The installed base of smartphones, as a percentage of the total mobile phone base, is now thought to be in excess of 50% and is expected to surpass 80% in Western Europe and North America by 2016. Starting from a much lower base today, the regions of APAC (developed), China, Eastern Europe and Latin America by 2016 are expected to grow to reach c. 60% (CCS Insights, 2012).

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. Mobile operators in Colombia, Indonesia, and Egypt were integrated during the 9 month period. In addition, Bango is working with major partners to connect with leading operators in Brazil and India; these are more challenging commercially but management believes they present interesting opportunities.

Global mobile app and advertising revenues grew by a CAGR of 129% from 2008 to the end of 2012, with continued growth predicted as smartphone penetration increases (KPCB, 2012).

Outlook

Bango has a unique technology platform, extensive mobile network operator relationships and industry-leading partners at the forefront of developments in the market. Roll-outs continue across several geographies with leading partners and MNOs are continually being added to the Bango system.

Bango expects continued adoption of its technology by industry players with partners such as Facebook and Amazon both progressing. In addition, greater end user uptake in BlackBerry World is anticipated following the launch of the BB10 system and devices on 30 January 2013. BlackBerry World is also due to contain additional digital content outside of apps. Bango also believes that there is significant growth potential from mobile operators partnering with Bango to provide services beyond major app stores.

Furthermore, Bango believes emerging markets represent an exciting growth opportunity and is seeing increasing interest from key partners in these areas, in particular Brazil, Latin America, India and other parts of Asia. These geographies could benefit most in terms of sales uplift from the direct to mobile billing that Bango's technology enables, given that credit card use is less prevalent in these markets.

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
CEO

CFO's statement

Bango is witnessing increasing interest from key partners in emerging markets which could benefit most from operator billing

- Trading results from operations
- Taxation
- Loss per share
- Balance sheet
- Raising of additional capital
- Cash flow

Financial reporting period

As previously reported, Bango has aligned its fiscal year end to the calendar year and therefore this report is for a 9 month trading period to 31 December 2012. The Company will produce an interim report for the period ending 30 June 2013.

Financial review

The financial statements presented here are for the 9 month period to 31 December 2012. Results for the period do not include any material income from the agreements signed with Amazon, Google, Microsoft, MasterCard and Facebook, but do include costs relating to the establishment of these relationships.

To provide additional information on underlying activity, Bango has included presentation of gross income from end user activity and fees, which are reported as turnover and then separately discloses the amount attributable to content providers.

Trading results from operations

Turnover for the 9 months ended 31 December 2012 was £7.4m (year ended 31 March 2012: £15.6m), a reduction of 37% on a pro-rata basis. This is accounted for by a 42% reduction in end user activity to £6.0m on a pro-rata basis, 57% compared to the previous 12 month period (year ended 31 March 2012: £13.8m), and a 1% increase in other fees to £1.4m on a pro rata basis, a 24% reduction compared to the previous 12 month period (year ended 31 March 2012: £1.8m). As a result, gross profit was £1.6m for the 9 months compared to £2.3m for the previous year, an 8% reduction on a pro rata basis.

The decline in end user activity is due to a managed change in the type of end user services from feature phones, our legacy business, to smartphone and app store based direct operator billing.

Bango is encouraged that in the month of December 2012, approximately 77% of end user spending was derived from the newer app store / smartphone business activities as part of a managed phasing out of the legacy feature phone business, compared to 60% in December 2011.

As reported in the Market Update of 17 January 2013, the average daily value of end user payment transactions returned to growth at the end of the 9 month period and this trend has continued through January and February, as a result of continued revenues from BlackBerry World and initial revenues from Facebook and Google Play.

Gross margin on end user activity for the period was 3.8% (year ended 31 March 2012: 3.7%), well within Bango's longer term target range of between 2% and 5%.

The operating loss for the 9 months was £2.6m (year ended 31 March 2012: £1.1m). Amortization of intangible assets in the 9 months was £0.4m (year ended 31 March 2012: £0.3m) as more of the previously capitalized R&D came into use during the period. Depreciation for the 9 month period totalled £0.2m (year ended 31 March 2012: £0.2m) and consists largely of charges for computer equipment, office equipment and leasehold improvements.

There was additional investment in operating costs of £0.8m (year ended 31

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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

March 2012: nil) to support the continued growth of the business. These include personnel costs of £0.4m (year ended 31 March 2012: nil) and technology costs of £0.4m (year ended 31 March 2012: nil). Other significant costs were, increased provisions for doubtful debts for the period £0.14m (year ended 31 March 2012: £0.03m) and employee costs for the period of £0.2m (year ended 31 March 2012: nil) related to the winning of contracts.

Bango also incurred costs associated with the preparation for the forthcoming release of BlackBerry 10 and with the establishment of the relationships for Google, Facebook, Microsoft and Amazon.

Finance costs were £5.1k for the nine months (year ended 31 March 2012: nil) relating to finance leases. Bango earned interest of £6.5k (year ended 31 March 2012: £0.5k) relating to cash balances held during the period.

Bango reported a net loss before tax for the 9 month period of £2.6m (year ended 31 March 2012: £1.1m). The loss after tax totalled £2.4m for the 9 month period compared with £0.9m for the previous year.

Taxation

The tax credit for the year is £0.2m (year ended 31 March 2012: £0.2m) and relates to research and development tax credits receivable.

At the year end Bango had not recognized a deferred tax asset in the balance sheet of £3.8m (year ended 31 March 2012: £2.9m), 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 5.91 pence in the period (year ended 31 March 2012: 2.43 pence).

Balance sheet

Net assets of the Group were £6.5m at 31 December 2012, compared to £5.3m at 31 March 2012.

Intangible assets increased to £3.3m (at 31 March 2012: £2.8m) as a result of on-going internal development work being capitalized.

Current liabilities are £2.2m (at 31 March 2012: £2.9m). Total borrowings stand at £139k (at 31 March 2012: nil). This balance consists of finance lease liabilities. Of the total borrowings, £21.8k is classed as current (at 31 March 2012: nil) and £117k is classed as non-current (at 31 March 2012: nil).

Raising of additional capital

In June 2012, Bango issued £3.25m of new shares on AIM to increase its available investment resources.

In February 2013, post period end, 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 will provide support to Bango's strategy of being positioned to take advantage of developing opportunities in emerging markets and further business development with major mobile network operators.

Bango is witnessing increasing interest from key partners in emerging markets which could benefit most from operator billing (as credit card use is less prevalent in these markets). In particular, Bango sees opportunities in Brazil through its new relationship with Telefónica as well as with other mobile network operators elsewhere in Latin America. Bango has also spent some time with key partners and mobile operators in India and uncovered similar opportunities there and in other parts of Asia.

Accordingly, Bango intends to use the net proceeds specifically, as follows:

- to increase its capability to underwrite emerging market opportunities. The Directors believe that a stronger balance sheet will demonstrate to key partners that Bango's financial position is not being stretched
- to have greater capacity to fund further business development with a view to gaining more mobile network

operator partners. In this regard, the Directors consider that the recently announced Telefónica partnership is potentially significant for Bango and they are keen to enter into further partnerships with other major mobile network operators. The Directors recognize that developing such business will take time and additional resources and they wish to ensure that Bango's existing payment and analytics operations continue to show progress; and

- to generally strengthen Bango's balance sheet to permit alternative sources of financing if required. As noted in the recent market update, Bango has invested more than £1m of its own capital during the second half of 2012 in a hardware and software platform refresh and the additional balance sheet strength gives Bango the opportunity to fund its technology more effectively.

Cash flow

Cash used by operating activities was £1.6m (12 months to 31 March 2012: generated £0.1m). Bango saw a significant level of working capital utilization during the year, the key components of which were:

- Reductions in receivables of £0.7m
- Reduction in payables of £0.7m

This reduction included £0.14m relating to overdue debtors provided against primarily relating to legacy business, as well as the effects of reduced end user activity.

Net capital expenditure outflows totalled £0.4m in the period (12 months to 31 March 2012: £0.3m) and were largely attributable to computers and office equipment. The addition of intangible assets totalled £0.9m (12 months to 31 March 2012: £1.1m) and was largely attributable to the capitalization of internal development. These were part of a major hardware and software platform refresh in the primary data center to upscale transactional capacity for payment and analytics transaction volumes.

Net interest paid for the period was £5.1k (year ended 31 March 2012: nil).

Bango's cash balances included balances denominated in foreign currencies (primarily US Dollars and Euros), and these showed exchange gains on translation of £22k for the period (year ending 31 March 2012: £18.8k loss).

At 31 December 2012 Bango had bank facilities related to BACS processing of £0.2m (at 31 March 2012: £0.2m), cash balances of £2.3m (at 31 March 2012: £1.8m) and net debt of £0.1m (at 31 March 2012: nil).

Gerry Tucker
CFO

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Progress report

Bango's mobile payment and mobile analytics technology enable app stores, brands and content owners to monetize their digital content, and to provide critical insights into customer interactions and engagement across mobile websites, apps and marketing campaigns. The period April 2012 to December 2012 saw significant progress across the industry sectors in which Bango is active.

App stores

Facebook uses Bango technology to provide an extremely low-friction payment experience. The service is now live in the UK, USA, Germany, France and Australia. Particularly of note, Bango provided mobile billing for Facebook's experimental Promoted Posts monetization initiative. Bango continues to widen the mobile billing service provided to BlackBerry, as it rebranded itself from Research in Motion (RIM) and transitioned to the BlackBerry 10 Operating System. The companies were proud to announce the 50th connected mobile operator in November 2012. Bango integrated with Google Play and in December 2012 announced the first live connection in Australia, through Telstra.

In addition to Facebook, BlackBerry World and Google Play, Bango has now integrated with most of the leading app stores, including Opera Mobile Store, Amazon App Store and Windows Phone Store.

Mobile operators

Bango ended the year with more than 90 mobile operator connections in place. From April to December 2012, Bango built new connections into 27 mobile operators around the world. Connections include several of the dominant operators in the world's largest mobile markets, including AT&T, Orange, Sprint, T-Mobile, Verizon and Vodafone.

In December 2012, Bango signed a Global Framework Agreement with Telefónica Digital, the global business division of Telefónica, which has operations across Europe and the Americas. Bango and Telefónica will partner to create an enhanced payment experience for mobile app stores. The partnership will combine Bango's frictionless payment experience with Telefónica's BlueVia Payment APIs, connecting over 314 million chargeable customers worldwide to the Bango Payments Platform.

Mobile analytics

Bango's relationship with operators, app stores, device manufacturers and brands, creates a platform effect that precisely identifies customers, providing insights not available elsewhere. The result is that Bango Analytics is highly complementary with the Bango Payments Platform and is valued by customers due to its unprecedented levels of accuracy and key insights. Growth in transaction volumes on the analytics platform has continued at increasing rates, driven mainly by mobile websites and downloaded apps.

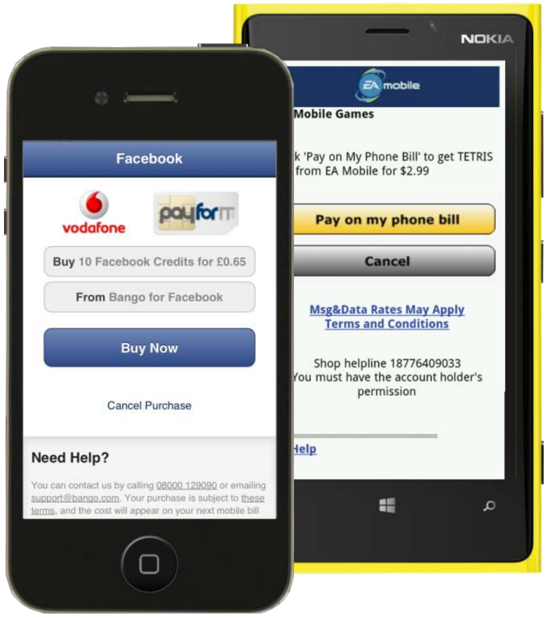
Bango has identified and continues to capitalize the market opportunity with large publishers and brands. Significant analytics customers include NBA, CNN, Thomson Reuters and Telefónica. Devices on platforms such as Android, iOS, BlackBerry, Windows, HMTL5 and others are all driving traffic volumes, and adding millions of users to the Bango ID database each month.

Mobile web

Bango continues to manage the migration from direct partnerships with smaller content publishers, to partnerships with app stores. However there continue to be commercial opportunities within this second tier of publishers, as they look to experiment with the new and flexible billing models that Bango enables.

Noteworthy client wins within this space include PayVia, and EA Games, which has been experimenting with in-app billing.

In addition to Facebook, BlackBerry World and Google Play, Bango has now integrated with most of the leading app stores, including Opera Mobile Store, Amazon App Store and Windows Phone Store



In December 2012, Bango signed a Global Framework Agreement with Telefónica Digital

Devices on platforms such as Android, iOS, BlackBerry, Windows, HMTL5 and others are all driving traffic – adding millions of users to the Bango ID database each month

Products

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

Bango Payment provides **major app stores** and **merchants** (content providers) with direct billing connections to mobile operators around the world. Delivering everything from simple pay-to-download and in-app billing to advanced subscription services.

Bango currently provides high quality connections to over 90 mobile network operators in over 45 countries.

Bango delivers more one-click payments than standard billing solutions. 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.

Bango manages all the merchant of record, taxation and settlement complexities, handles large-scale developer on-boarding and mass out payment of earnings. Detailed real-time reporting delivers clear understanding of customer's payments, refunds, behavior and loyalty.

Bango Payment provides **mobile network operators** with the fastest and most cost effective way to grow billing revenues across major app stores and merchants. One efficient Bango relationship takes care of all the technical integration, maintenance and on-going upgrades between an operator billing platform and major app stores and merchants, including Google Play, Facebook, Windows Phone Store, BlackBerry World and Opera Mobile Store.

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

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

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

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

Business model

Bango Payment enables major app stores and merchants 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 may apply. Bango pays the remaining money to the content provider according to an agreed schedule.

Optionally, a content provider may ask Bango to manage and pay earnings to their individual developers; for example BlackBerry World. In this model a developer typically receives 70% of the price paid and the remaining percentage is paid to the content provider.

Other fees include monthly fees charged 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 Analytics customers pay a monthly fee based on the volume of data being recorded, stored and analyzed. Fees for advanced features and user accounts are also applied.

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

Key market developments

The mobile industry added over 700 million new mobile subscriptions last year, exceeding 6.7 billion accounts worldwide. There are now estimated to be 5.3 billion handsets in use by over 4.3 billion unique users. Smartphone use grew fastest, exceeding 1.3 billion devices, outselling tablets by around 10 to 1 (Tomi Ahonen Almanac 2013).

Significant 2012 developments include:

- Samsung continued to dominate overall mobile phone shipments in 2012 with 23.4% of the total market, up 22.7% from 2011. They were followed by Nokia (19.3%), Apple (7.8%), ZTE (3.7%) and LG (3.2%) (IDC)
- Samsung's smartphone market share grew by 129.1% to 30.3%. Followed by Apple (19.1%), Nokia (4.9%), HTC (4.6%) and BlackBerry (4.6%) (IDC)
- 712.6 million smartphones were shipped in 2012, 44.1% more than 2011 (IDC)
- Apple had 34% of the US smartphone market during Q4 2012, with Samsung second at 32.3% (Strategy Analytics)

- Over 68% of smartphones globally run Android while Apple accounts for 19.4% (Strategy Analytics)
- BlackBerry accounted for 4.6% of smartphones worldwide in 2012, down from 10.3% in 2011 (IDC). But with the launch of new BlackBerry 10 handsets they are seeking to reverse this trend in 2013
- Nokia announced a profit in Q4 2012 (after six quarters of loss), attributed in part to sales of Lumia Windows Phone 8 smartphones
- 2012 saw a growing number of smartphone platforms announced or launched, including BlackBerry 10, Microsoft Windows Phone 8, Mozilla Firefox OS, Ubuntu for Smartphones, Tizen and Sailfish. Many have growing support from mobile operators and hardware manufacturers as they fight for customer ownership
- Facebook declared HTML5 was too immature for mainstream adoption and switched focus to native apps. They also announced that daily traffic from mobile devices had overtaken desktop for the first time
- The tablet market grew over 75% in Q4 2012 with the Apple iPad holding over 43% market share, followed by Samsung (15.1%), Amazon (11.5%), Asus (5.8%) and Barnes & Noble (1.9%) (IDC)
- Apple accelerated their annual release schedule, launching a 4th generation iPad, while Microsoft launched Windows RT and Pro versions of Surface tablet

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

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, SVP Marketing & Alliances

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

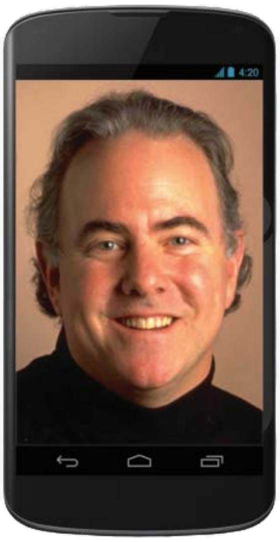
Gerry is an experienced finance leader and Chartered Accountant, with an extensive computer games industry background and public company experience. He has considerable experience in mergers and acquisitions, finance regulation, financial modelling and growth businesses, having taken a firm from start-up to £300 million in 5 years. Gerry 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 Fax: +44 1223 472 778
Directors	Mr D Sear - Non-executive Chairman Mr R Anderson - CEO Mr A Malhotra - SVP Marketing & Alliances Mr G Tucker – CFO (appointed 22 November 2012) 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 3rd Floor, Aldermary House 10-15 Queen Street London EC4N 1TX
US office	20 West 22nd Street Suite 906 New York, NY 10010 Tel: +1 866 528 6897 Fax: +1 646 349 3023
	www.bango.com sales@bango.com

Directors' report

The Directors present the Annual Report and audited financial statements of Bango PLC for the nine month period ended 31 December 2012.

Principal activities and business review

The principal activity of the Group during the period was the development, marketing and sale of technology to enable mobile phone users to easily choose and purchase services, games, pictures, videos, music and ringtones on their mobile phones.

Bango enables businesses to quickly and easily benefit from the expansion of the worldwide web to mobile phones. Bango technology and services have been used by many leading brands.

The principal activity of Bango PLC during the period was as investment holding company for Bango.net Limited and other subsidiaries.

A review of the Group's performance for the nine month period ended 31 December 2012 and future developments is contained in the Chairman's statement, CFO's statement and the CEO's statement on pages 3 to 9. The key financial performance indicators are gross profit, net profit and cash balances.

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

Key performance indicators

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

Relationships with content providers are fundamental to the Bango business model. During the period, the number of active content provider relationships for payment and/or analytics services showed an encouraging increase from about 1,700 to about 2,100 mainly as a result of activity within BlackBerry World.

Analytics events continued to grow during the period at an increasing rate.

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

Going concern

The Group had cash of £2.3m at 31 December 2012 (31 March 2012 : £1.79m) and financing debt of £0.1m. Significant investment in technology development continues to be made. Bango raised £3m net of expenses in June 2012 and an additional £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 do not recommend payment of a dividend.

The Directors and their interests

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

	Ordinary shares of 20p each 31 Dec 2012	Ordinary shares of 20p each 31 Mar 2012
Mr D Sear	-	-
Mr R Anderson	6,624,036	6,624,036
Mr A Malhotra	4,027,000	4,027,000
Mr P Saxton	47,198	225,000
Mr M Rigby	17,334	17,934
Mr G Tucker	-	-
Dr R Burger	-	-

Peter Saxton resigned as a Director on 22 November 2012, having exercised share options during the period.

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

Date of grant	Option price	Options to buy ordinary shares of 20p each 31 Dec 2012	31 Mar 2012
Mr P Saxton			
1 March 2005	£0.500	-	200,000
21 September 2005	£2.020	50,000	50,000
25 May 2006	£1.400	50,000	50,000
22 March 2007	£0.500	76,250	76,250
31 January 2008	£0.230	91,250	91,250
19 February 2009	£0.440	62,500	62,500
1 October 2009	£0.445	2,604	31,250
25 March 2010	£0.595	23,569	31,250
10 December 2010	£1.315	31,250	31,250
17 March 2011	£0.825	31,250	31,250
9 September 2011	£0.820	31,250	31,250
23 March 2012	£1.425	32,500	32,500
20 September 2012	£1.665	32,500	-
Total		514,923	718,750
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.

During the period Peter Saxton exercised share options at a market value of £1.79 resulting in a gain of £305,369.

During the period QTP a company managed by Martin Rigby one of the Non-executive Directors, exercised £50,000 worth of share warrants at a value of £0.50 per warrant.

Creditor payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that there has been compliance with all trading terms. Content providers are the main suppliers to the Group. At 31 December 2012, the Group had an average of 64 days (31 March 2012: 62 days) creditors outstanding in trade payables, accruals and deferred income. The average days for the Group was 81 (31 March 2012: 69).

Directors' report

Share capital
Details of changes in the share capital of the Group during the period 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.

Financial risk management objectives and policies
The Group's activities expose it to some financial risks. The Group monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks. See notes 6, 19, 20 and 21 for further information.

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest in cash assets safely and profitably. See note 20 for further information.

Credit risk
Credit risk arises from exposure to outstanding receivables. Potential new customers are assessed for credit risk before credit is given, to minimize credit exposure. See note 19 for further information

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

Principal risks and uncertainties
The key business risks affecting the Group are set out below:

Financial
See financial risk management and policies section above.

Technology
The Group's revenue is dependent on its technology keeping pace with developments in mobile phone technology, including volumes of data and growth in applications. The Group manages this risk by a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood.

Payment providers
The current business model is dependent on payment providers. These are therefore key trading relationships to the Group and Bango's access and turnover from the end user is subject to influence by the payment providers. The Group manages access risk by investment in relationships and regular dialogue with payment providers and content providers who are actual or potential users of those payment providers. The Group manages payment risk by undertaking regular credit risk analysis using third parties combined with other sources of market intelligence, together with monitoring of payment performance.

Retention of staff
The Group's performance depends largely on its ability to recruit and retain key individuals with the right experience and skills. To ensure that the Group retains the highest calibre staff, a number of schemes have been implemented linked to the group results, including bonus and share option schemes.

Employment policies
The Group is committed to following the applicable employment laws in each territory in which it operates. The Group is committed to fair employment practices including the prohibition of all forms of discrimination and attempts as far as possible to give equal access and fair treatment to all employees on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others. If employees become disabled we would make reasonable effort to keep them in our employment, with appropriate training where necessary.

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 19 and 40, is made in order to distinguish for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the nine month report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare separate parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable IFRS and UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report

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.

In so far as each Director is aware:

- There is no relevant audit information of which the Group's auditors are unaware.

- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Auditor

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

BY ORDER OF THE BOARD

Company Secretary
Mr H Goldstein

Corporate governance statement

Audit Committee

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

The Committee's main role and responsibilities are to:

- Monitor the integrity of the financial statements of the Group.
- Review the Group's internal financial controls and risk management systems.
- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor.
- Discussion of the nature, extent and timing of the external auditor's procedures and discussion of the external auditor's findings.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is required.
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

The Group does not currently have an internal audit function, which the Board considers appropriate for a Group of Bango's size. The Committee is scheduled to meet twice each year and at other times if necessary. The Audit Committee will review risk assessments and the need for an internal audit function on a periodic basis.

Internal control procedures

The Board is responsible for the Group's system of internal controls and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives,

The key features of the Group's internal controls are described below:

- A clearly defined organizational structure with appropriate delegation of authority.
- The approval by the Board of a one year budget, including monthly income statements, balance sheets and cash flow statements. The budget is prepared in conjunction with senior managers to ensure targets are feasible.
- The business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the latest forecast and market expectations, and presented to the Board on a timely basis.
- Regular reviews by the Board and by the senior management team of key performance indicators.
- A limited number of senior management are able to sign 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 the Group's internal control system on a periodic basis.

Communications with shareholders

The Board recognizes the importance of regular and effective communication with shareholders. The primary forms of communication are:

- The annual and interim statutory financial reports and associated investor and analyst presentations and reports.
- Announcements relating to trading or business updates released to the London Stock Exchange.
- The Annual General Meeting provides shareholders with an opportunity to meet the Board of Directors and to ask questions relating to the business.

Going concern

After making enquiries, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors expect the current level of investing activities to continue which are supported by the funding secured by the placements in June 2012 and February 2013 but expect to see a substantial reduction in the net cash used by operating activities as gross profit increases as a result of activity with major new customers. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements and to provide reasonable, but not absolute assurance against material misstatement or loss.

Remuneration Committee report

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

The Committee's main role and responsibilities are as follows:

- To review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the Group's Executive Directors.
- To review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share option schemes.
- To be responsible for reporting to the Group's shareholders in relation to remuneration policies applicable to the Group's Executive Directors.

The Committee may invite the 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

The Group's policy on remuneration is to provide a package of benefits, including salary, performance-related bonuses and share options, which reward success and individual contributions to the Group's overall performance appropriately, while avoiding paying more than is necessary for this purpose. In addition, the Remuneration Committee takes into account remuneration packages of comparable companies when making recommendations to the Board.

Performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders and accordingly are set as a significant proportion of total remuneration.

Share options

The Group considers that active participation in a share option plan is an effective means of incentivizing and retaining high quality people. Directors and employees are eligible to participate in the scheme. Further details of the option plan and outstanding options as at 31 December 2012 are given in note 7 to the financial statements.

Service agreements

The Executive Directors have service agreements with Bango.net Ltd. The agreements include restrictive covenants which apply during employment and for a period of twelve months after termination.

The agreements can be terminated on twelve months' notice in writing by either the Company or by the Executive Director.

Non–executive Directors

The remuneration of the Non-executive Directors is determined by the Executive Directors. Their appointments can be terminated on six months' notice in writing by the Company.

Directors' emoluments

Details of remuneration in respect of the Directors is provided in note 13.

Independent auditor's report to the members of Bango PLC

We have audited the group financial statements of Bango PLC for the period ended 31 December 2012 which comprise the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 15, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2012 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Bango PLC for the period ended 31 December 2012.

Alison Seekings, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
18 March 2013

Consolidated balance sheet

	Note	31 Dec 2012 £	31 Mar 2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	638,662	319,381
Intangible assets	5	3,277,947	2,797,246
		3,916,609	3,116,627
Current assets			
Trade and other receivables	6	2,191,349	2,854,332
Research and Development tax credits	6	359,113	412,691
Cash and cash equivalents		2,327,444	1,794,164
		4,877,906	5,061,187
Total assets		8,794,515	8,177,814
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	8,346,604	7,733,465
Share premium account		11,842,076	9,095,525
Merger reserve		1,236,225	1,236,225
Other reserve		1,493,876	1,241,158
Accumulated losses		(16,409,584)	(14,003,836)
Total equity		6,509,197	5,302,537
LIABILITIES			
Current liabilities			
Trade and other payables	8	2,146,363	2,875,277
Finance lease liabilities	9	21,778	-
		2,168,141	2,875,277
Non-current liabilities			
Finance lease liabilities	9	117,177	-
		117,177	-
Total liabilities		2,285,318	2,875,277
Total equity and liabilities		8,794,515	8,177,814

These financial statements were approved by the Directors on 18 March 2013 and are signed on their behalf by:

Mr R Anderson
Director

Mr G Tucker
Director

Company registration number 05386079

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

Consolidated statement of comprehensive income

	Note	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Turnover	4	7,351,946	15,594,589
Attributable to content providers	4	(4,156,457)	(8,653,899)
		3,195,489	6,940,690
Cost of sales – payment providers	4	(1,613,514)	(4,651,676)
Gross profit		1,581,975	2,289,014
Administrative expenses before share based payment	10	(3,899,092)	(3,259,457)
Share based payments	10	(252,718)	(142,356)
Total administrative expenses		(4,151,810)	(3,401,813)
Operating loss		(2,569,835)	(1,112,799)
Interest payable	11	(5,091)	-
Investment income	14	6,513	469
Loss before taxation	11	(2,568,413)	(1,112,330)
Income tax	15	162,665	179,614
Loss and total comprehensive loss for the financial year		(2,405,748)	(932,716)
Attributable to equity holders of the parent		(2,405,748)	(932,716)
Loss per share attributable to the equity holders of the parent			
Basic loss per share	16	(5.91)p	(2.43)p
Diluted loss per share	16	(5.91)p	(2.43)p

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

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

Consolidated cash flow statement

	Note	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Net cash (used) / generated by operating activities	17	(1,581,427)	122,880
Cash flows used by investing activities			
Purchases of property, plant and equipment		(359,532)	(248,069)
Addition to intangible assets		(904,097)	(1,107,083)
Interest received		6,513	469
Net cash used by investing activities		(1,257,116)	(1,354,683)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		3,557,902	331,499
Costs associated with issuance of ordinary shares		(198,212)	-
Interest payable		(5,091)	-
Capital payable on finance lease obligations		(4,821)	-
Net cash generated from financing activities		3,349,778	331,499
Net increase / (decrease) in cash and cash equivalents		511,235	(900,304)
Cash and cash equivalents at beginning of year		1,794,164	2,713,226
Exchange differences on cash and cash equivalents		22,045	(18,758)
		1,816,209	2,694,468
Cash and cash equivalents at end of year		2,327,444	1,794,164

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

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Retained earnings £	Total £
Balance at 1 April 2011	7,580,482	8,917,009	1,236,225	1,098,802	(13,071,120)	5,761,398
Share based payments	-	-	-	142,356	-	142,356
Exercise of share options	152,983	178,516	-	-	-	331,499
Issue of shares	-	-	-	-	-	-
Transactions with owners	152,983	178,516	-	142,356	-	473,855
Loss for the period	-	-	-	-	(932,716)	(932,716)
Total comprehensive income for the period	-	-	-	-	(932,716)	(932,716)
Balance at 31 March 2012	7,733,465	9,095,525	1,236,225	1,241,158	(14,003,836)	5,302,537
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

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

Notes to the financial statements

1 General information

Bango PLC ("the Company") was incorporated on 8 March 2005 in the United Kingdom. The Company is domiciled in the United Kingdom. The address of the registered office of the Company, which is also its principal place of business, is given on page 13. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The financial statements for the nine month period ended 31 December 2012 (including the comparatives for the year ended 31 March 2012) were approved by the Board of Directors on 18 March 2013. The group has changed its year end to make its accounts more understandable by key stakeholders globally. Therefore, it is highlighted that comparative figures are for a year and not nine months.

2 Basis of preparation

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

The Group has prepared its Report and accounts for the nine month period ended 31 December 2012, in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.17.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of the group. Every entity within the group has its own functional currency. The US subsidiary performs a sales and support function for services provided by Bango.net Limited. Due to the nature and set up of the US operation as a support center for the UK, the functional currency of Bango Inc has to date been considered to be sterling. Foreign operations are included in accordance with the policies set out in notes 3.13.

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standard and interpretations that are effective for accounting periods beginning on or after 1 April 2012. 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 2013, 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 as amended in the previous set of accounts has remained consistent and aims to provide a more detailed analysis of the income and expenditure flows associated with end user activity due to the significant judgement as to the role of Bango as principal or agent in providing content to end users.

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

3.3 Intangible assets

Intangible assets are measured initially at historical cost and are amortized on a straight-line basis over the expected useful economic lives:

Domain names	33.3% straight-line
Internal development	20% straight-line

3.4 Research and development

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

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

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

The cost of an internally generated intangible asset comprises all direct attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time

Notes to the financial statements

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. Until completion of the development project, when amortization can be charged on the intangible asset, the assets are subject to an annual impairment test. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use.

3.6 Loans and receivables

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand.

b) Trade and other receivables

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

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

3.7 Trade and other payables

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

3.8 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement, except where it relates to items recognized outside profit or loss. Tax relating to items recognized in other comprehensive income is recognized in other comprehensive income, and tax relating to items recognized directly in equity is recognized directly in equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized as a component of tax expense in the income statement, except where it relates to items charged or credited directly to other comprehensive income, when it is recognized in other comprehensive income. Deferred tax relating to items recognized directly in equity is recognized directly in equity.

3.9 Operating lease agreements

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

3.10 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 the Group 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 the Group prior to accessing chargeable mobile internet content.

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

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

3.11.2 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.

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

Notes to the financial statements

providers is delivered to end users, payment for which is made via a number of potential payment routes.

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

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

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

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

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

3.11.3 Other fees

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

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

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

3.12 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.

3.13 Share-based payment transactions

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

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

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

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

Share-based payment transactions are shown separately in the statement of comprehensive income. Additional information is provided in note 7.

3.14 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.

3.15 Segment reporting

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

3.16 Financial instruments/liabilities

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

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

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is

Notes to the financial statements

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.

3.17 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 recognized over the vesting period.

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

3.18 Significant accounting estimates and judgements

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

Trade receivables
Trade receivables are stated net of an impairment for bad and doubtful debts, based on the Group's best estimate of the likelihood of recovery on a specific basis. Details of the bad debt provision and trade receivables is provided in note 6.

Deferred tax
A deferred tax asset is recognized where the Group considers it probable that a tax credit will be received in the future. This specifically applies to tax losses and to outstanding vested share options at the balance sheet date. No deferred tax asset is currently being recognized due to the unpredictability of future taxable trading profits from which these differences may be deducted (note 15).

Development costs
Judgement is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at each balance sheet date. Economic success of any product development is uncertain at the time of recognition as it may be subject to future technical problems and therefore impairment reviews are completed by project each balance sheet date. The carrying value of capitalized development costs is £3,277,947 (2012 : £2,797,246).

No impairment is recognised based on current estimates of future revenue streams expected to be derived from the development work that has been capitalised.

3.19 Standards and interpretations not yet applied by the Group

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Group's financial statements.

IFRS 10 Consolidated financial statements (effective 1 January 2013)

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

Notes to the financial statements

4 Segment reporting

(a) The Group identifies two operating segments. Management reporting is based principally on the type of customer and strategic decisions are made on the basis of the gross profit generated from each segment. The segments are not separately managed and therefore the Group's headquarters and its research and development activity are considered group operations and are not allocated to any operating segment. Segment information can be analyzed as follows for the reporting periods under review.

9 months to 31 December 2012

	End user activity	Other fees	Group	Total
	£	£	£	£
Segment turnover	5,994,899	1,357,047	-	7,351,946
Attributable to content providers	(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	-	-	(3,899,092)	(3,899,092)
Share based payments charge	-	-	(252,718)	(252,718)
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**

12 months to 31 March 2012

	End user activity	Other fees	Group	Total
	£	£	£	£
Segment turnover	13,811,690	1,782,899	-	15,594,589
Attributable to content providers	(8,653,899)	-	-	(8,653,899)
Cost of sales – payment providers	(4,651,676)	-	-	(4,651,676)
Segment gross profit	**506,115**	**1,782,899**	**-**	**2,289,014**
Administrative expenses	-	-	(3,259,457)	(3,259,457)
Share based payments charge	-	-	(142,356)	(142,356)
Interest payable	-	-	-	-
Interest income	-	-	469	469
Segment net profit/ (loss)	**506,115**	**1,782,899**	**(3,401,344)**	**(1,112,330)**
Segment assets	1,756,717	422,750	5,998,347	8,177,814
Segment liabilities	(2,069,479)	(85,491)	(720,307)	(2,875,277)
Net (liabilities)/ assets	**(312,762)**	**337,259**	**5,278,040**	**5,302,537**

Included within the end user segment turnover is £4.02m (12 months ended 31 March 2012: £5.18m) relating to a major strategic partner, whilst there were two partners who contributed £0.44m (12 months ended 31 March 2012: £0.29m) and £0.16m (12 months ended 31 March 2012: £nil) to other fees revenue.

Notes to the financial statements

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

Other fees are the amounts paid to Bango by content providers and others for package fees and other services including analytics and operator connections. Assets for this segment are amounts due for package fees and other services. Liabilities for this segment represent deferred income for package fees. Group assets include non-current assets and cash and cash equivalents. Group liabilities relate to administrative expenses.

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

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
United Kingdom (country of domicile)	1,819,016	2,583,033
EU	601,177	829,634
USA and Canada	3,447,070	11,799,185
Rest of World	1,484,683	382,737
	7,351,946	15,594,589

Segment turnover is based on the location of the customers. Of which in other fees £0.44m (12 months ended 31 March 2012: £0.29m) came from a strategic partner based in the USA and Canada, and £0.16m (12 months ended 31 March 2012: £nil) came from a strategic partner based in the United Kingdom. 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 2011	190,922	83,615	945,687	1,220,224
Additions	-	29,796	218,273	248,069
At 31 March 2012	190,922	113,411	1,163,960	1,468,293
Depreciation				
At 1 April 2011	173,885	73,243	732,476	979,604
Charge for the year	6,830	5,856	156,622	169,308
At 31 March 2012	180,715	79,099	889,098	1,148,912
Net book value				
At 31 March 2012	**10,207**	**34,312**	**274,862**	**319,381**

	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	190,922	114,657	1,666,022	1,971,601
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	182,851	85,519	1,064,569	1,332,939
Net book value				
At 31 December 2012	**8,071**	**29,138**	**601,453**	**638,662**

Included in property, plant and equipment at period end were £123,808 of assets held under finance leases (year end 31 March 2012: nil). Depreciation is shown within administrative expenses in the income statement.

Notes to the financial statements

5.2 Intangible assets

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

	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	32,887	4,270,791	4,303,678
Depreciation			
At 1 April 2012	32,887	569,448	602,335
Charge for the 9 month period	-	423,396	423,396
At 31 December 2012	32,887	992,844	1,025,731
Net book value			
At 31 December 2012	**-**	**3,277,947**	**3,277,947**

Amortization is shown within administrative expenses in the income statement.

Notes to the financial statements

6 Trade and other receivables

	31 Dec 2012 £	31 Mar 2012 £
Trade receivables	900,215	1,230,722
Other receivables	146,043	505,924
Research and development tax credits	359,113	412,691
Prepayments and accrued income	1,198,531	1,126,542
Total	2,603,902	3,275,879
Impairment of trade receivables	(53,440)	(8,856)
	2,550,462	3,267,023

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

	31 Dec 2012 £	31 Mar 2012 £
Not more than one month	170,731	29,805
One to two months	-	19,333
Three to twelve months	-	145,404
More than twelve months	-	45,310
	170,731	239,852

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure.

Trade receivables from content providers consist of numerous accounts with no significant individual balances. Provision for impairment has been made where the debt is not considered likely to be recoverable, although successful recovery can take over twelve months where a debtor has agreed a payment plan with Bango.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. There is no material difference between fair value and book value.

A reconciliation of bad debt provision for trade receivables is provided below:

	31 Dec 2012 £	31 Mar 2012 £
Brought forward provision	8,856	72,608
Debts written off in the year	(96,217)	(96,107)
Increase in provision	140,801	32,355
Carry forward provision	53,440	8,856

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 1 April 2011	37,902,409	7,580,482
Exercise of share options	764,913	152,983
As at 31 March 2012	38,667,322	7,733,465
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

During the period 610,695 share options were exercised at exercise prices between 28.75 pence and 142.5 pence and a par value of 20 pence per share. The total proceeds were £287,602 of which £121,739 was recognized as share capital and £165,863 as share premium. A share warrant for 100,000 shares was also exercised at a price of 50.0 pence and a par value of 20 pence per share. The total proceeds were £50,000 of which £20,000 was recognized as share capital and £30,000 as share premium.

In June 2012 the company issued 2,355,000 ordinary shares of 20 pence each at market price of 138 pence per share with existing investors, raising £3.25m gross and £3.0m net of expenses. In February 2013 the company 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 £6m net of expenses.

The Group issues share options to Directors and to employees under either an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme or an unapproved scheme. Employees resident overseas are eligible to participate in the scheme but their options do not qualify as HM Revenue and Customs approved.

The grant price for share options is equal to the average quoted market price of the company shares on the date of grant. Options vest evenly over a period of one to three years following grant date. The options lapse if share options remain unexercised after a period of ten years from the date of grant or if the employee leaves the Group. There are no other vesting conditions.

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

	9 months to 31 Dec 2012		12 months to 31 Mar 2012	
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 April 2012	89	3,011,920	70	3,580,707
Granted	181	406,500	95	533,625
Lapsed	120	(62,364)	120	(337,499)
Exercised	47	(610,695)	43	(764,913)
Outstanding at 31 December 2012	82	2,745,361	82	3,011,920
Exercisable at 31 December 2012	73	1,950,192	73	2,268,656

The weighted average share price at date of exercise of options exercised during the period was 182.91 pence (2012: 128.53 pence).

The fair value of options granted during the period, determined using the Black-Scholes valuation model, were between 74.26 – 87.57 pence. Significant inputs into the model include a weighted average share price of 181.52 pence (31 March 2012: 107.11 pence) at the grant date, the exercise prices, volatility of 54.81-55.38% (31 March 2012: 50.11-53.32%), dividend yield of nil (31 March 2012: nil), an expected option life of five years (31 March 2012: five years) and an annual risk-free interest rate of 0.63-0.78% (31 March 2012: 1.0-1.49%).

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

		Average exercise price per share	Options	31 Dec 2012 Remaining Contractual Life	Average exercise price per share	Options	31 Mar 2012 Remaining Contractual Life
Expiry date		Pence	Number	Months	Pence	Number	Months
24 February	2013	-	-	-	31.00	10,000	11
27 February	2014	29.00	92,500	14	29.00	268,000	23
27 May	2014	31.00	-	-	31.00	40,000	26
28 August	2014	50.00	14,000	20	50.00	14,000	29
18 February	2015	50.00	86,000	26	50.00	90,000	35
1 March	2015	50.00	30,000	26	50.00	230,000	35
21 September	2015	202.00	124,000	33	202.00	134,000	42
1 March	2016	177.50	51,000	38	177.50	61,000	47
25 May	2016	140.00	210,000	41	140.00	210,000	50
9 October	2016	106.50	33,500	45	106.50	47,750	54
22 March	2017	50.00	76,250	51	50.00	76,250	60
23 March	2017	50.50	118,750	51	50.50	122,500	60
19 September	2017	41.00	124,000	57	41.00	132,000	66
31 January	2018	23.00	159,917	63	23.00	168,062	70
15 October	2018	53.50	68,750	70	53.50	73,997	79
19 February	2019	44.00	131,250	74	44.00	140,235	83
11 August	2019	46.50	-	-	46.50	16,668	89
1 October	2019	44.50	96,687	82	44.50	156,070	91
17 March	2020	59.50	139,786	87	59.50	182,352	96
24 September	2020	167.00	109,965	93	167.00	126,125	102
10 December	2020	131.50	31,250	95	131.50	31,250	104
7 February	2021	153.00	100,000	97	153.00	100,000	106
17 March	2021	82.50	141,142	99	82.50	152,948	108
9 September	2021	82.00	183,253	105	82.00	197,713	114
27 September	2021	76.50	20,000	105	76.50	20,000	114
8 December	2021	68.50	20,000	108	68.50	20,000	117
23 March	2022	142.50	178,861	111	142.50	191,000	120
13 August	2022	187.50	17,000	116	-	-	-
20 September	2022	166.50	255,000	117	-	-	-
25 September	2022	178.00	32,500	117	-	-	-
06 November	2022	218.00	100,000	119	-	-	-
At 31 March			2,745,361	77		3,011,920	73

Notes to the financial statements

8 Trade and other payables

	31 Dec 2012 £	31 Mar 2012 £
Trade payables	1,720,793	2,429,570
Social security and other taxes	167,103	63,075
Accruals and deferred income	258,467	382,632
	2,146,363	2,875,277

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

The Group 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 2012 £	31 Mar 2012 £
No later than 1 year	225,022	193,932
Later than 1 but no later than 5 years	28,735	120,507
More than 5 years	-	-
	253,757	314,439

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

During the year the Group entered into two financing leases to buy certain technical computer equipment as part of the on-going upgrades to the Bango technology to cope with growth in the company. The assets have been acquired on finance leases entered into in October 2012 and terminating in September 2017, after which time Bango will retain full ownership.

Gross Lease Liabilities	31 Dec 2012 £	31 Mar 2012 £
Within one year	38,889	-
Between two and five years	149,073	-
	187,962	-
Future interest	(49,007)	-
	138,955	-

The present value of finance lease liabilities is repayable as follows:	31 Dec 2012 £	31 Mar 2012 £
Within one year	21,778	-
Between two and five years	117,177	-
	138,955	-

Notes to the financial statements

10 Expenses by nature

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Employee benefit expense	1,775,001	1,581,549
Depreciation & amortization	607,423	510,063
Other expenses	1,769,386	1,310,201
	4,151,810	3,401,813
Analyzed as:		
Administrative expenses	3,899,092	3,259,457
Share based payments	252,718	142,356
	4,151, 810	3,401,813

11 Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	2,500	2,500
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	34,500	32,000
Other services relating to tax	4,000	5,650
Other services	6,650	26,750
Operating lease expenses:		
Land and buildings	195,669	249,387
Finance lease charges in period	5,091	-
Exchange rate variances	(22,045)	8,141
Depreciation on property, plant and equipment – lease assets	19,969	-
Depreciation on property, plant and equipment – owned assets	164,058	169,308
Amortization of intangible assets	423,396	340,755
Research and development costs	252,748	355,700

Notes to the financial statements

12 Employee benefit expense

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

	9 months to 31 Dec 2012 No	12 months to 31 Mar 2012 No
Administrative staff	5	6
Marketing staff	6	5
Sales staff	3	3
Technical staff	20	12
Executive Directors	3	3
Support staff	14	10
	51	39

The aggregate payroll costs of the above were:

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Wages and salaries	1,924,199	1,903,276
Social security costs	210,896	259,402
Other pension costs	38,537	50,478
Share based remuneration	252,718	142,356
	2,426,350	2,355,512

Included in the above payroll costs is £651,349 (12 months to 31 March 2012 : £773,963) capitalized within internal development (note 5.2)
The Directors have identified nine (12 months to 31 March 2012: eight) key management personnel, including Directors. Compensation to key management is set out below:

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Short term employee benefits	605,556	516,923
Post employment benefits	20,117	26,880
Share based compensation	71,145	51,844
	696,818	595,647

13 Directors

Remuneration in respect of Directors was as follows:

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Emoluments	454,067	368,539

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
	447,565	990	1,575	3,937	454,067

Notes to the financial statements

Year to 31 March 2012	Wages and salaries	Pension and other benefits	Sums paid to third parties for directors services	Fees	Total
	£	£	£	£	£
R Anderson	105,000	-	-	-	105,000
A Malhotra	103,812	1,378	-	-	105,190
P Saxton	87,746	-	-	-	87,746
L Bury	3,103	-	-	-	3,103
M Rigby	-	-	15,750	-	15,750
R Burger	-	-	-	15,750	15,750
D Sear	-	-	-	36,000	36,000
	299,661	1,378	15,750	51,750	368,539

The highest paid director received total salary of £161,250 (12 months to 31 March 2012: £103,812), pension contributions of £nil (12 months to 31 March 2012: £1,378), and share based compensation of £nil (12 months to 31 March 2012: £nil).

The number of directors who accrued benefits under pension schemes was one (12 months to 31 March 2012: one).

The total share based compensation for directors was £28,667 (12 months to 31 March 2012: £39,954).

During the nine month period ended 31 December 2012 one director exercised some of their share options. For details of directors options please see the directors and their interest section of the Directors' report.

14 Investment income

	9 months to 31 Dec 2012	12 months to 31 Mar 2012
	£	£
Bank interest receivable	6,513	469

15 Income tax expense

	9 months to 31 Dec 2012	12 months to 31 Mar 2012
	£	£
R&D tax credits receivable	(162,665)	(179,614)
	(162,665)	(179,614)

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

Loss on ordinary activities before taxation	(2,405,748)	(1,112,330)
Loss on ordinary activities multiplied by standard rate of tax of 24% (12 months to 31 December 2012: 26%)	(577,380)	(289,206)
Effect of :		
(Income) / expenses not deductible for tax purposes	42,946	63,431
Differences between capital allowances and depreciation	(66,360)	(41,367)
Unutilized tax losses	630,127	113,560
Tax deduction on exercise of share options	(186,112)	(169,429)
Additional deductions for R&D expenditure	(198,060)	(230,200)
Surrender of tax losses for R&D	193,108	373,597
Short term timing differences	(934)	-
Total tax	(162,665)	(179,614)

At 31 December 2012 the unutilized tax losses carried forward amounted to £15.5 million (at 31 March 2012: £12.8 million).

Notes to the financial statements

Deferred tax assets/ (liabilities):

	Provided 31 Dec 2012 £	Provided 31 Mar 2012 £	Unprovided 31 Dec 2012 £	Unprovided 31 Mar 2012 £
Share option deduction	-	-	572,842	465,716
Tax losses	1,282,132	421,172	2,456,071	2,478,794
Other temporary differences	-	-	920	1,896
Accelerated capital allowances and capitalised development costs	(1,282,132)	(421,172)	-	-
	-	-	3,029,833	2,946,406

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 the Company by the weighted average number of ordinary shares in issue during the year.

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Loss attributable to equity holders of the Company	(2,405,748)	(932,716)
Weighted average number of ordinary shares in issue	40,704,567	38,321,075
Earnings (basic) per share	(5.91) p	(2.43) p

Following the issue of 3,250,000 additional shares in February 2013 the earnings per share figure would be (5.47) pence.
(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.

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Loss attributable to equity holders of the Company	(2,405,748)	(932,716)
Weighted average number of ordinary shares	40,704,567	38,321,075
Earnings (diluted) per share	(5.91) p	(2.43) p

At 31 December 2012 options over 2,745,361 (31 March 2012: 3,011,920) ordinary shares were outstanding. Given the loss for the year, these options are considered to be anti-dilutive. Such options could potentially dilute basic loss per share in the future.

17 Cash generated / used by operations

	9 months to 31 Dec 2012 £	12 months to 31 Mar 2012 £
Loss for the financial year	(2,405,748)	(932,716)
Depreciation and amortization	607,423	510,063
Taxation in income statement	(162,665)	(179,614)
Investment income	(6,513)	(469)
Interest payable	5,091	-
Foreign exchange movement	(22,045)	18,758
Share-based payment expense	252,718	142,356
Decrease in receivables	662,983	107,652
(Decrease)/ increase in payables	(728,914)	297,878
	(1,797,670)	(36,092)
Corporation tax rebate	216,243	158,972
Net cash (used)/ generated by operations	(1,581,427)	122,880

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 2012 £	31 Mar 2012 £
Loans and receivables	4,064,036	4,272,776
Total financial assets	4,064,036	4,272,776

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

	31 Dec 2012 £	31 Mar 2012 £
Current assets		
Trade and other receivables	1,736,592	2,478,612
Cash and cash equivalents	2,327,444	1,794,164
Total financial assets	4,064,036	4,272,776

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

	31 Dec 2012 £	31 Mar 2012 £
Financial liabilities measured at amortized cost	2,077,284	2,726,711
Total financial liabilities	2,077,284	2,726,711

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

	31 Dec 2012 £	31 Mar 2012 £
Current liabilities		
Trade payables	1,720,793	2,429,570
Accruals	217,536	297,141
Finance leases	138,955	-
Total financial liabilities	2,077,284	2,726,711

19 Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets and cash and cash equivalents recognized at the balance sheet date, as summarized in note 18.

The Group continuously monitors defaults of customers and other counterparties, identified individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and / or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality including those that are past due. See note 6 for further information on financial assets that are past due.

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

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group completes regular credit checks on those payment providers accounting for significant individual balances. In addition, the terms and conditions of trade with some content providers allow the group to withhold payment of the relevant part of the content provider earnings until payment is received from the payment provider.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the financial statements

20 Liquidity risk analysis and capital management

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly basis. Long-term liquidity needs are identified on a quarterly basis, taking account of operating activities and investing activities.

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

	31 Dec 2012 £	31 Mar 2012 £
Current within 6 months	1,949,218	2,726,711
Current 6 to 12 months	10,889	-
1 year to 5 years	117,177	-
Financial liabilities	2,077,284	2,726,711

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

During the nine month period ended 31 December 2012 the Group issued £3.25m new shares on the AIM market in June (year ended 31 March 2012 : nil). The Directors consider that the capital management objectives have been satisfied through the adequate management of liquidity. After the period end the group also raised a further £6.5m through the issuing of new shares on the AIM market in February 2013.

At 31 December 2012 the Group had no borrowings.

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

	31 Dec 2012 £	31 Mar 2012 £
Total equity	6,509,197	5,302,537
Less cash and cash equivalents	(2,327,444)	(1,794,164)
	4,181,753	3,508,373

21 Market risk analysis

21.1 Interest risk sensitivity

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

21.2 Foreign currency sensitivity

Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US Dollars and Euros.

The amounts to be paid and received in a specific currency are expected to largely offset one another, so no hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows.

		31 Dec 2012			31 Mar 2012		
		£	£	£	£	£	£
Nominal amounts		Financial assets	Financial liabilities	Net assets/ (liabilities)	Financial assets	Financial liabilities	Net assets/ (liabilities)
US $	USD	1,000,909	1,175,525	(174,616)	1,786,443	650,065	1,136,378
Euro	EUR	251,630	47,097	204,533	553,481	1,161,975	(608,494)
Australian $	AUD	8,461	969	7,492	9,889	679	9,210
Canadian $	CAD	223,391	24,668	198,723	430,002	55,714	374,288
New Zealand $	NZD	15,453	0	15,453	24,676	1,349	23,327
Indonesia Rp	IDR	310,338	41,290	269,048	92,066	4,154	87,912
Other		6,236	1,578	4,658	1,065	134	931
Short term exposure		1,816,418	1,291,127	525,291	2,897,622	1,874,070	1,023,552

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 then effect on the balance sheet would be a loss of £26,265 and if it moved by 10% then there would be a total loss of £52,529.

Independent auditor's report to the members of Bango PLC

We have audited the parent company financial statements of Bango PLC for the period ended 31 December 2012 which comprise the Company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period 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 period ended 31 December 2012.

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
18 March 2013

Company balance sheet

	Note	31 Dec 2012 £	31 Mar 2012 £
Fixed assets			
Investment in subsidiary	4	5,680,776	5,445,444
Current assets			
Debtors due within one year	5	49,391	177,671
Debtors due after one year	5	15,144,782	11,978,550
Cash at bank		-	-
		15,194,173	12,156,221
Creditors falling due within one year	6	13,528	218,221
Net current assets		15,180,645	11,938,000
Total assets less current liabilities		20,861,421	17,383,444
Capital and reserves			
Share capital	7	8,346,604	7,733,465
Share premium account	8	11,842,076	9,095,525
Other reserve	8	1,493,876	1,241,158
Retained earnings	8	(821,135)	(686,704)
Shareholders' funds		20,861,421	17,383,444

These financial statements were approved by the Directors on 18 March 2013 and are signed on their behalf by:

Mr R Anderson
Director

Mr G Tucker
Director

Company registration number 05386079

Notes to the financial statements

1 Accounting policies

Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The principal accounting policies are summarized below. They have all been applied consistently throughout the period.

Investments
Fixed asset investments are shown at cost less provision for impairment.

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

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

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

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

Related party transactions
In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the company is exempt from disclosing transactions with wholly owned entities that are part of the Group headed by Bango PLC as it is a parent company publishing consolidated financial statements.

2 Profit for the period
The Company has made full use of the exemptions as permitted by Section 408(1) of the Companies Act 2006 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company loss for the period ended 31 December 2012 of £134,431 (year ended 31 March 2012: £219,377) 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 the Company are provided in the Directors' report on page 14.

There are no employees employed directly by the Company.

Details of Directors' remuneration are disclosed on page 35 of the Group accounts. A charge of £ 37,301 (year end 31 March 2012: £39,368) has been recognized within the parent company's own figures relating to wages and salaries.

Notes to the financial statements

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 1 April 2012	5,445,444
Share based payments	252,718
Disposal of investment in Bango GmbH	(17,386)
Shares in subsidiary undertakings at 31 December 2012	5,680,776
Net book amount	
At 31 December 2012	5,680,776
At 31 March 2012	5,445,444

During the period the company disposed of its interest in Bango GmbH.

Details of subsidiary undertakings at 31 December 2012 are as follows:

	Country of incorporation	Class of share capital held	Held by the company	Nature of business
Bango.net Limited	England & Wales	Ordinary	100%	Development, marketing and sale of technology for mobile phone users to purchase services for their mobile phones
Bango 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 2012 £	31 Mar 2012 £
Amounts due from Group undertakings (due after one year)	15,144,782	11,978,550
Other debtors (due within one year)	49,391	177,671
	15,194,173	12,156,221

6 Creditors

	31 Dec 2012 £	31 Mar 2012 £
Trade creditors	13,528	35,644
Accruals and deferred income	-	165,191
Amounts owed to group undertakings	-	17,386
	13,528	218,221

Notes to the financial statements

7 Share capital

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 1 April 2011	37,902,409	7,580,482
Exercise of share options	764,913	152,983
As at 31 March 2012	38,667,322	7,733,465
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

During the period 610,695 share options were exercised at exercise prices between 28.75 pence and 142.5 pence and a par value of 20 pence per share. The total proceeds were £287,602 of which £121,739 was recognized as share capital and £165,863 as share premium. A share warrant for 100,000 shares was also exercised at a price of 50.0 pence and a par value of 20 pence per share. The total proceeds were £50,000 of which £20,000 was recognized as share capital and £30,000 as share premium.

In June 2012 the Company issued 2,355,000 ordinary shares of 20 pence each at market price of 138 pence per share with existing investors, raising £3.25m gross and £3.0m net of expenses.

During the period 404,500 options were granted to employees, including 32,500 to Peter Saxton, a Director during the period.

At the period end 2,745,361 options were outstanding. Further details relating to employee share options are provided in note 7 in the group financial statements.

8 Reserves

	Share Premium Account £	Other reserve £	Retained earnings £
At 1 April 2012	9,095,525	1,241,158	(686,704)
Issue of new shares	2,550,688	-	-
Exercise of share options	195,863	-	-
Share based payments	-	252,718	-
Loss for the period	-	-	(134,431)
At 31 December 2012	11,842,076	1,493,876	(821,135)

9 Reconciliation of movements in shareholder’s funds

	31 Dec 2012 £	31 Mar 2012 £
Period opening balance	17,383,444	17,128,966
Exercise of share options	308,002	331,499
Share based payments	252,718	142,356
Issue of new shares	3,051,688	-
Loss for the period	(134,431)	(219,377)
	20,861,421	17,383,444

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 the offices of The Company, 5 Westbrook Centre, Cambridge, CB4 1YG on Wednesday, 29 May 2013 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 nine month period ended 31 December 2012 and the reports of the directors and auditors on those financial statements.
2. To re-elect Mr David Sear who retires by rotation and offers himself for re-appointment by general meeting, as a director of the Company.
3. To re-elect Mr Gerry Tucker, who was appointed by the directors during the past year and, in accordance with the provisions of the articles of the Company, retires at this meeting 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 £3,032,111 (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 £454,817 (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 45,481,669 ordinary shares of £0.20 each and the total number of voting rights was 45,481,669.
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 2proxy 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 27 May 2013 (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 27 May 2013 (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 27 May 2013 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 27 May 2013 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.wordpress.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 77 8577 1717. 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, 29 May 2013 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, 29 May 2013 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 nine month period ended 31 December 2012				
2. To re-elect Mr David Sear as a director				
3. To re-elect Mr Gerry Tucker 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, Cambridge, CB4 1YG; and
   c) received by the Company Secretary no later than 2:00 p.m. on Monday, 27 May 2013.
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 77 8577 1717.

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 David Sear and Mr Gerry Tucker will retire and stand for re-election as directors. Having considered the performance of and contribution made Mr Sear and Mr Tucker, 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 2014) or, if earlier, on 29 August 2014 (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 £3,032,111, which is approximately one-third of the Company's issued ordinary share capital as at 1 March 2013.

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 £454,817 (being 2,274,083 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 2013.

As described above, shareholder authority is generally required under the Act should the Directors wish to allot any equity securities without first offering them to existing shareholders in proportion to their holdings. In earlier years, the Company has added an extra layer of protection for shareholders by undertaking to restrict its use of this authority to a maximum of 7.5 per cent of the Company's issued ordinary share capital in any three year period. There is no obligation on the Company to undertake to limit its use of this authority in this way and, in the Directors' view, this additional undertaking adds complexity and can result in additional time and cost being incurred by the Company. The Directors have therefore determined that the Company should no longer restrict itself in this way. Shareholders will however remain protected due to the statutory protections contained in the Act explained above.

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 2014) or, if earlier, 29 August 2014 (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.