Annual Report 2006

There are 2 billion mobile phone users world-wide.

In 2005 the number of mobiles with internet access exceeded the number of connected PCs.

There's only one company that has created an open, global platform that enables content providers of every size to exploit this business opportunity.

There's only one community containing millions of users, connecting through hundreds of mobile operators to access and buy this content.

There's only one platform that powers the global media giants, yet which is so easy and economic that small companies across the world use it too.

There's only Bango.

Contents

The mobile internet

Bango operates in the mobile internet where internet connectivity converges with mobile phones. The Company enables access to mobile content and services and provides reliable and efficient methods to make payments.

The mobile internet is opening up a huge potential market for content providers and Bango is uniquely positioned to enable them to take advantage of this opportunity.

The mobile operators have been active in the mobile internet for many years with subscribers visiting their portals to buy content and personalize their phone or keep up-to-date with the latest information. Now, thanks to Bango's unique technology and wide range of relationships with mobile operators, the Company offers this same browse and buy experience outside of the operator portals - on content providers' own branded sites.

Using internet technologies rather than restricting communications to text messages has great benefits. Users only pay for content they want and see clearly the terms and conditions of sale in a 'no-surprises' approach that builds consumer confidence and trust.

As search engines become a popular way of finding mobile content, content providers are using the internet to capitalize on this opportunity. Users who return to a mobile internet site enjoy a personalized service; all this adds up to a superior user experience that's driving the mobile content industry forward.

Traditional routes to mobile end users are fragmented and regional, making it difficult and expensive for content providers to engage with their customers and collect payment. Bango technology removes the inefficiencies and complexities facing content providers, enabling rapid growth and improved end user experiences for our customers.

Source: Gartner, Nokia, ARC

During 2005, the number of phone users connected to the internet exceeded the number connected from a PC across the world.


1997
1998
1999
2000
2001
2002
2003
2004
2005

What we do

Bango enables content providers and brands to market, sell and deliver their content and services directly to mobile phone users on all mobile networks using the mobile internet. This direct-to-consumer approach operates alongside the mobile operator's portal.

Bango's innovation was to create a single, global, cross-operator platform that enables content providers of any size to market and sell their content to everyone with an internet connected mobile phone.

Our customers are the content providers and brands. The Bango Service enables them to promote their offerings and brand anywhere they choose through print, TV, radio, PC, web, mobile search, mobile adverts or even by user-to-user viral marketing. Millions of end users in more than 130 countries access and buy the content they need from thousands of different content providers that have registered with Bango.

Our customers include global media giants like Sony BMG, News International, Discovery Mobile and Hearst Publications who are able to exploit the full power and reach of our technology. Yet the service is so easy and economic to use that thousands of small companies and individuals – the 'long tail' of content providers - also use it as their route to mobile internet users.

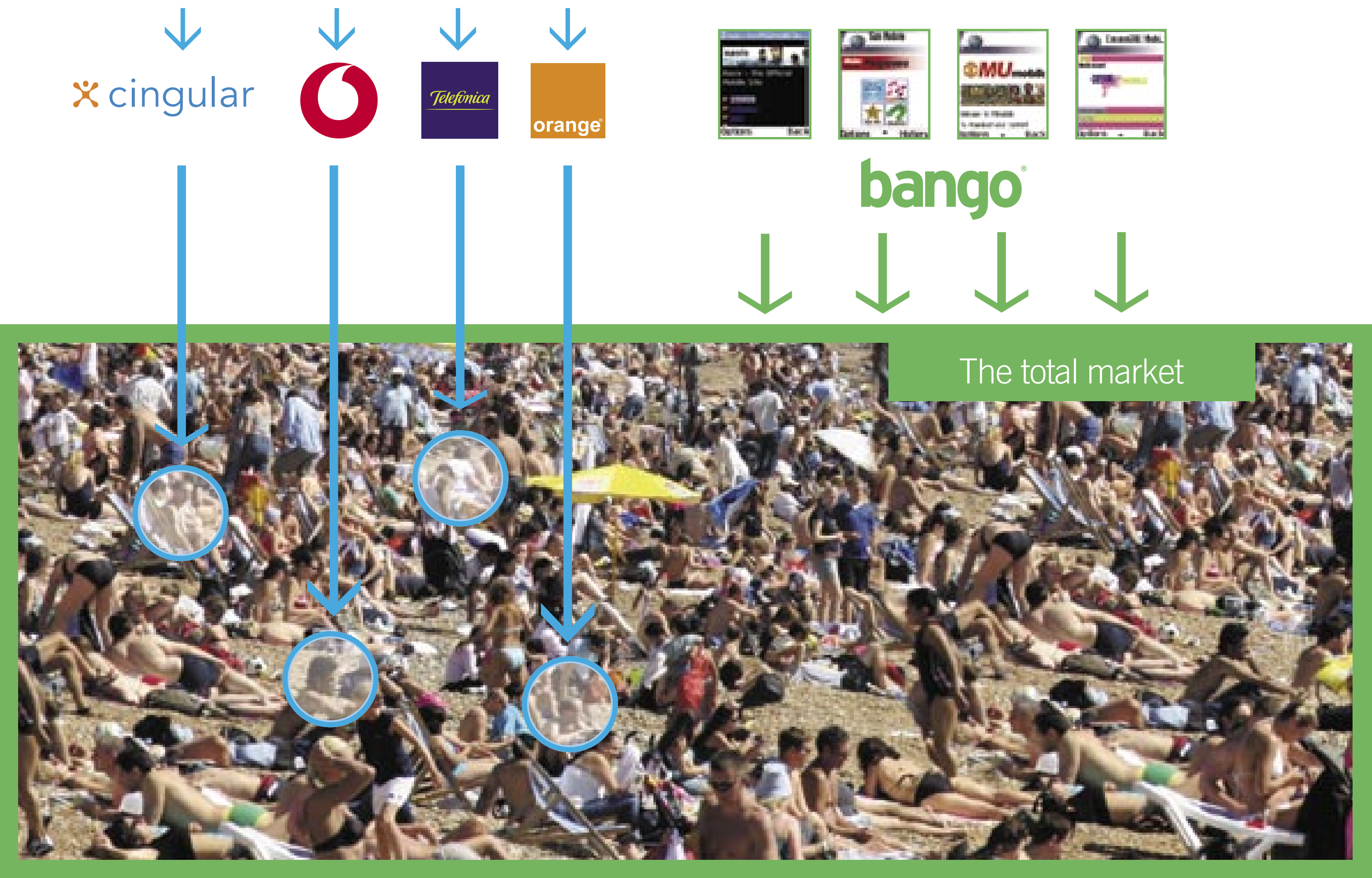
Enabling content providers to thrive continues to be our highest priority. Bango is focussed on providing the tools required to conduct business on the mobile internet. We also ensure people can easily discover content and have the best possible experience. This builds a strong and loyal user community.

This is only the beginning. In the next few years we believe that hundreds of millions of users will have their mobile internet experience transformed by Bango. The benefits of our unique technology and billing reach are now being augmented by market momentum and customer demand.

Content providers are increasingly seeing Bango not only as a provider of the best technology and most profitable billing relationships available, but also as a true marketplace to sell their mobile content.

On-portal
Commercial relationship with each operator

Off-portal
Brand promotes and engages directly with customers



Chairman's report

The board is delighted to report excellent progress in all areas of the business resulting in significant growth, increasing numbers of Bango customers supplying increasing amounts of content to end users and expansion into new territories.

When Bango came to market in June 2005, three months into the financial year of this report, we had set ourselves ambitious goals: to further invest in our unique Bango products and technology, and to establish a local presence in three new key markets: the USA, Spain and Germany. We now have offices and sales teams established in all three territories, alongside our successful UK presence, and we have started to see significant customer wins in these territories as a result.

Compared to the previous financial year, we are pleased to report revenue growth of 121% to £7.53 million and gross margin growth of 125% to £2.19 million, driven largely by our established UK business. Additional content provider sign-ups in other territories are accelerating fast and this bodes well for the coming year and beyond.

Bango also derives revenue from end user spend on content. Having witnessed significant growth in content provider sign-ups over the last year, we now have a reasonable operating history from which to observe the relationship between a content provider signing up and then starting to promote their content. The lead time can be up to six months in some cases. We believe that greater support and assistance to content providers from our expanding partner network and developments in mobile search and advertising should result in a reduction of this lead time in the latter half of this year.

The US market is showing tremendous potential, with our US team having signed up 22 content providers by year end, and having generated a growing pipeline of prospects. US customers see Bango not only as a route to US based customers, but as a quick and easy route to consumers world-wide through the global reach of Bango's technology and services. However, the board believes that initial US growth in end user spending on content will be slower than that experienced in European markets. The US mobile operators currently have extensive restrictions on the types of content that they can bill for, pending the introduction of both detailed content guidelines and processes to ensure adequate age verification of end users.

Bango is well placed to assist content providers in operating within these constraints. This view is endorsed by the increasing number of US customers investing in Bango products in preparation for marketing content to mobile end users, and to gain additional revenues outside the USA.

In the year under review, end user spending was below that anticipated earlier in the year, which was counter-balanced by increased spending on access fees to use the Bango Service. As restraints on content types are relaxed in the USA and our partner network builds out, we believe end user spending will accelerate, bringing that market back in line with more developed markets we operate in, in line with our original plans.

We are very positive about our ability to exploit our market leading position. The product line is stronger than ever and we have several innovations coming to market that the board believe will add competitive strength, accelerate growth and reduce sales costs. Our direct sales team started the new financial year three times larger than at the end of March 2005 and we have increased the number of partners reselling the Bango Service internationally from 3 to 14 at the year end.

A business with strong and widely applicable technology, that gains an early leadership position, gains significant benefits for adopters of its products due to the 'eco-system' that forms around the business. The Bango team has a track record of creating such powerful eco-systems that deliver long term value to shareholders as well as customers. I am therefore pleased that Bango is gaining an increasing number of partners among not only mobile internet businesses and mobile operators, but increasingly among the leading internet media companies who, in our experience, are starting to recognize the mobile internet opportunity and develop strategies for addressing it.

Bango is a uniquely, well positioned business and there is a great deal of opportunity ahead in this very exciting market. We look forward to providing a further progress update at the half year.

Lindsay Bury, Non Executive Chairman

Highlights of the year

April 05

28th
Peter Saxton appointed Chief Financial Officer

May 05

13th
The Times launches Su Doku mobile game using Bango

18th
Bango opens German office

June 05

30th
Bango floats on AIM, £6.21m net raised to fund global expansion

July 05

11th
Bango wins New Media Age Effectiveness Award 2005

26th Cingular Wireless selects Bango to open up mobile internet in the US

August 05

September 05

7th
Direct billing integration with Vodafone Germany

12th
PayPal integrates with Bango for mobile content payments

October 05

20th
Bango Target package released enabling global brands to sell in a multitude of countries

bango target

31st
Bango powers Universal Music mobile sites for leading artists

November 05

17th
Direct billing integration with O2 Germany

O_2

December 05

14th
Bango powers EMI Music portal, the-raft.com

EMI

January 06

3rd
Bango announces industry's highest ever outpayments

16th
Bango opens Spanish office

25th
Belgian operator, Proximus, partners with Bango to go off-portal

proximus

February 06

23rd
Ray Anderson, CEO, named Technology Entrepreneur of the Year.

March 06

22nd
Bango powers the Discovery Channel Mobile portal

Discovery MOBILE

27th
Hearst Publications sells content direct-to-consumer with Bango

COSMOgirl!

CEO's report

The past financial year was a good one for Bango. The market opportunity continued to expand and our year-on-year sales growth increased from 65% to 121%. Our gross margin increased by 125% demonstrating the leverage of our business model and reflecting strong levels of content provider sign ups to pay package fees to access the Bango system. We won many new global brands as customers and strengthened our team, product line and partner network, and created a new high end package for larger content providers. We therefore enter the new financial year with confidence and enthusiasm.

Successful float on AIM

Early in 2005, the board decided to capitalize on Bango's strong technology and market position by raising funds to enable the business to accelerate its growth in the UK and selected overseas territories, to expand our customer support team and further develop our technology. We are pleased to have completed a successful IPO on AIM in June 2005, which raised net proceeds of £6.21 million for the Company. In addition it has raised the Company's profile, increased our ability to do business with larger customers and is helping us attract and motivate key staff.

Strengthening the business

We exploit Bango's unique position in the market by staying relentlessly focussed in the mainstream of market growth, evolving our products, developing our strong team, efficiently leveraging our technology through partnership, and by ensuring that our proposition is clearly marketed, easy to buy and simple to use.

Product development

During the year our development team continued to add significant new features and functions to the Bango platform to enable content providers to offer a better user experience and to reduce the costs of doing business in the mobile internet. We also added features to the platform that increased the number of visitors to content providers' sites by providing better integration with mobile search companies such as Overture (part of Yahoo) and Motionbridge (part of Microsoft). We believe that promotion of content through mobile search engines will become an important driver of end user activity in the coming years, and it is an area where we see good opportunities to leverage our industry position.

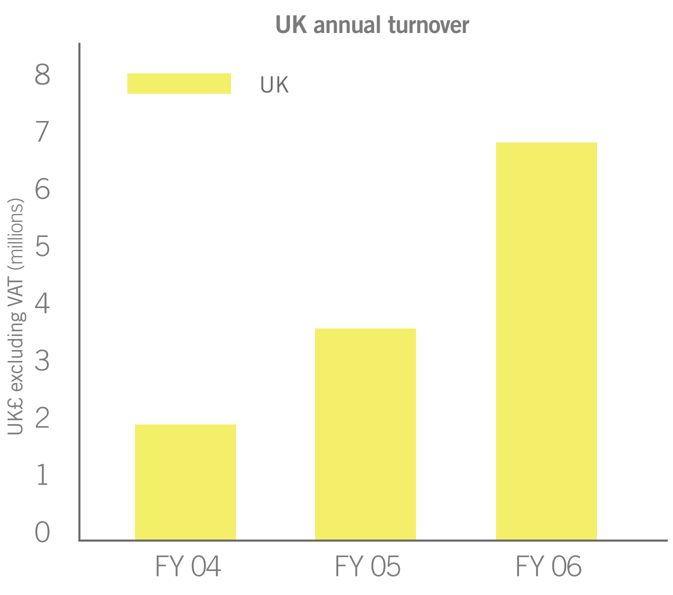
The Bango platform handles a high volume of transactions with very high reliability. For example, in March 2006 the system processed in excess of 40 million mobile transactions across 22,000 different WAP gateways. We saw 361,218 first-time users and 1,266 different mobile phone types. With these volumes constantly increasing, scalability is key and our development team has made good progress increasing the capacity of the Bango system to stay ahead of demand, while ensuring we maintain the reliability of our systems which perform a vital role for our customers.

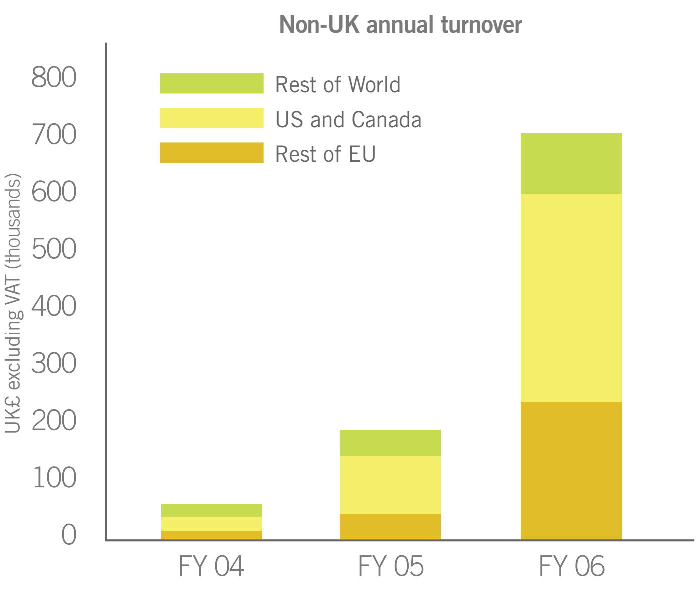
Expanding our partner relationships

We partnered with many new companies to increase our efficiency in collecting money from users for our content providers. PayPal chose to partner with Bango to expand its reach into mobile content. Cingular Wireless, the largest mobile operator in the USA, selected Bango as its first move in opening up its billing system to enable payment for content through the internet.

If a content provider wants to create a mobile internet site, they can develop it themselves or use a specialist mobile company to do it for them. Many specialist companies have joined the Bango Accredited Partner (BAP) programme to enable them to re-sell or integrate the Bango Service. These companies give our platform great credibility and also market to content providers outside the countries where we are directly present. At the end of the year there were 14 partners including Blue Star Mobile, Volantis, Graphico, Entriq, July Systems and Crisp Wireless.

During the year we announced unique relationships with Orange, O2, Proximus and Cingular. The benefits to an MNO ofopening up the mobile internet (enabling their end users to access off-portal content) can be gained safely and cost effectively through partnering with Bango. We expect many further relationships in the coming years.





Expanding customer base

Bango customers range from global brands such as Manchester United Football Club, Sony BMG and News International through to smaller brands such as Codemasters, The National Portrait Gallery and Funkimobiles to individuals running small businesses. Customers cover a wide range of sectors, including music, sports, print media, broadcasting, games and phone personalization. During the year we have significantly grown our customer base which currently includes Channel 4, Sony BMG, Hearst Publications, Discovery Mobile, The Sun, Manchester United Football Club, Codemasters, EMI, Ministry of Sound and WWE.

Sales and marketing

During the year we started investing in establishing regional sales teams, modelled after our successful UK operations. We established these teams in the USA, Germany and Spain. They are the countries where the mobile operators were starting to follow the UK model of encouraging content providers to promote mobile content.

We believe that the US mobile content market is about 18 months behind the UK market but growing fast. Many US companies have generated additional revenues using Bango to export their services to countries outside the USA where the market for mobile internet content is currently more mature.

Financial performance

Revenues increased 121% to £7.53 million as more content providers signed up for Bango products and successfully sold mobile internet content via the Bango platform. Gross profit increased 125% to £2.19 million (29.1% of revenue) (FYE Mar 2005: £0.97 million, 28.4 %). The improving margins were driven by increasing sign ups to higher margin package fees together with modest price increases in package fees during the year.

Operating expenses increased in line with expectations by 92% to £3.72 million, reflecting our establishment of sales and support operations in New York, California, Germany and Madrid, increased spending on product development and increased marketing activity. The loss for the overall business was increased by £0.4 million to £1.33 million, as anticipated. The UK operation was significantly profitable and cash generative over the year, illustrating the model we expect to become the norm in each country where we have a direct presence. The cash outflow from operations was broadly in line with the trading results for the period, reflecting the small change in working capital requirements despite the substantial increase in turnover.

	Year ended 31 March 06 £M	Change on previous year %	Year ended 31 March 05 £M
Turnover	7.53	Up 121%	3.41
Gross profit	2.19	Up 125%	0.97
Margin %	29.1%	-	28.4%
Operating loss	1.53	Up 64%	0.93
Loss before tax	1.33	Up 44%	0.92
Cash out flow from operations	1.65	Up 184%	0.58
Cash position	4.86	-	0.32
Basic and fully diluted loss per share	5.34p	Up 22%	4.38p

Following the AIM admission in June 2005 through which we raised £6.21 million net of expenses, Bango has started to use these funds to accelerate the commercial opportunities available, particularly in the USA and Europe.

Key metrics

The appetite of content providers to use our services is evident from the growth in sales of standard Bango products and these sales are relatively predictable. These are recurring monthly charges with a negligible attrition rate, so a base of predictable high margin sales underpins our business model. We have a wide range of content providers in a range of market sectors, which provides us with some very encouraging data on our development:

- The number of content providers spending £5,000 per year or more on service fees has increased by 250% from 42 in March 2005 to 156 in March 2006.
- The monthly service fees have increased by over 400% from March 2005 to March 2006.

Strategy for growth for FY 2007

In FY 2007 we will continue our marketing and promotional activities to communicate the benefits of the Bango Service to content providers. We will also focus on giving maximum support to our Bango Accredited Partners to enable them to use the Bango platform to attract and assist customers who want to market direct-to-consumer across any mobile operator network. We will also be working hard to increase the number of users who visit the sites on our platform by partnering with search companies and by encouraging community activity between end users and the use of the mobile internet in general.

Outlook

We are encouraged by the rate of content provider sign ups in all territories. Content providers outside of the UK are taking longer than originally expected to develop marketing activities that drive end user spend. Accordingly we are lowering our expectations of the growth in end user spend outside the UK for the current financial year.

We have established a strong and scalable business. Our growth is accelerating and the performance indicators are good. We are in a strong financial position to capitalize on our opportunities.

On behalf of the Board, I would like to express my gratitude to Bango's customers, partners and employees for their continued support. I would also like to thank our advisors and shareholders who enabled us to raise funds on the AIM market to provide both investment and credibility to underpin our ambitious growth plans. Working with mobile operators, content providers and partners, other commercial partners and investors, we look forward to continuing success in the coming years.

Ray Anderson, Chief Executive Officer

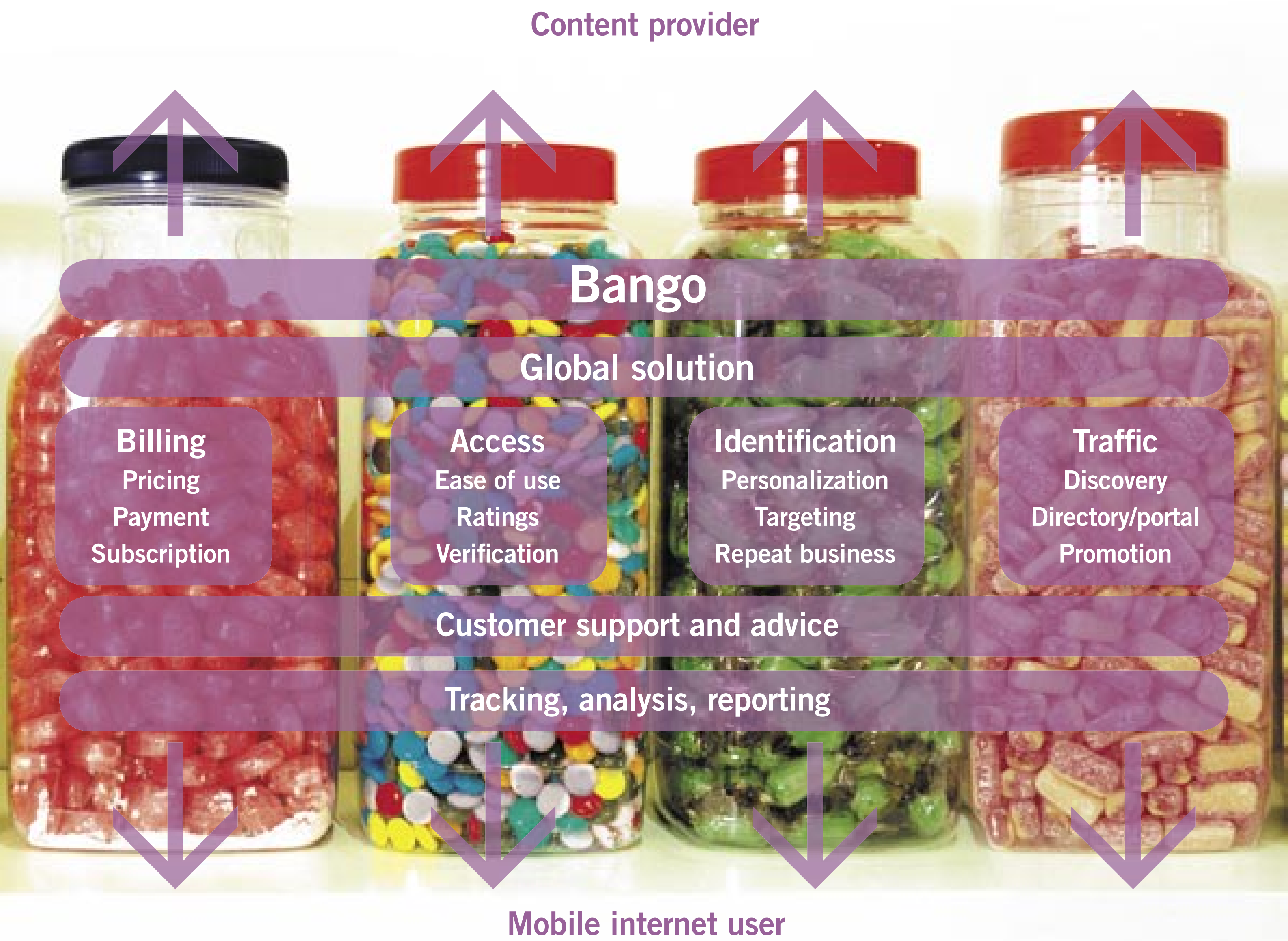
The Bango platform

Bango provides a standards-based mobile trading platform that enables a global community of content providers and end users to locate each other, then interact and trade on the mobile internet. Our role is to enable our customers' success by creating, maintaining, and enhancing the functionality, reach, ease of use and reliability of our trading platform.

The Bango platform is a fully automated, intuitive and simple to use online service that operates 24 hours a day, seven days a week. Content providers create their mobile internet sites or work with a wide range of Bango partners to create them. They register these mobile internet sites at www.bango.com, set prices for content items either per transaction or using subscriptions and add tags or keywords that can be used to find the content from search engines. The Web interface gives content providers live access to traffic and sales revenue data 24 hours a day.

We have billing relationships in place to collect micro-payments from users in all countries. These include mobile operator payments, Premium SMS messaging, credit card, debit card and more recently additional methods such as PayPal. By remaining biller agnostic and dynamically selecting the best available payment solution for every transaction with each individual user, so as to ensure efficient, reliable payment, Bango delivers a better return to content providers than any single billing option and is proud that it provides an industry leading revenue share. Combined with our database of millions of uniquely identified users world-wide, Bango enables an easy to use, personalized experience.

Content providers have typically invested a significant amount of time and effort to identify, understand and build their target markets. They know their consumers and the best routes to communicate with them.



Bango recognizes the importance of brand and consumer relationships and provides a growing range of solutions and tools to help customers maximize this value. Bango helps to promote the visibility of mobile internet sites through inclusion in search engines and mobile operator portals.

We supply a range of marketing tools, including Text Trigger and Web Trigger, that enable mobile content to be directly linked with print, web, email, radio and TV campaigns in a very easy to use way. We deliver a highly profitable user-to-user recommendation solution through viral marketing tools that maximize content distribution to end users across all mobile operators world-wide. The mobile market is all about people and relationships and Bango is perfectly placed to drive the creation of communities of users sharing the same interests - as we span all content providers and mobile operators.

Benefits of the Bango platform

- Our global reach through a single web-based content provider interface unifies all users into a single, immediately available, efficient market across all countries and mobile operators;
- Our knowledge of end user identity, history and behaviour across multiple content providers improves end user experience;
- The costs of our platform are shared across thousands of content providers offering millions of items;
- Our platform handles local billing at a granular level, including currency conversions, native languages and taxation requirements;
- Our platform encourages community, where users can surf and explore for content, sharing favourite items with their friends and colleagues, therefore dramatically reducing the marketing costs for content providers.


b a n g o
b a n g o

The Bango business model

Content providers pay Bango a monthly fee to use the Bango Service. Bango collects payments from users, aggregates them and channels the funds to the content provider, retaining a proportion of the revenue for providing the service.

When a user decides to purchase content from any mobile internet site connected to the Bango Service, our technology automatically determines the best payment options available to that specific user, based on mobile operator, device type and their history with other content providers. It then presents those options in the way most likely to generate a successful payment and uses the appropriate billing provider for that transaction.

Bango has relationships with mobile operators and billing providers to ensure global coverage and maximize the prospect of revenue collection at the lowest cost.

Bango grows the monthly fee revenue and the number of payment transactions taking place through the Bango platform by focusing on the following three things:

Acquisition - increasing the number of content providers registering with the Bango Service by promoting the service to content providers directly and through a network of approved resellers and integration partners.

Billing efficiency - increasing the range of payment options available for end users to make payments to content providers as easily as possible and at the lowest possible costs, thereby increasing the amount of business transacted through Bango.

Traffic - increasing the volume and value of transactions that are conducted by users by ensuring visibility of Bango enabled content providers and enabling users to promote details of good sites using peer-to-peer techniques and by search engine placement and partnerships.

Mobile operators and search companies

Mobile Network Operators (MNOs) are in some ways the equivalent of Internet Service Providers in the fixed internet mobile world in that they provide connectivity to the mobile internet to end users. MNOs also have billing and other relationships with their customers that they are keen to leverage. This is why MNOs partner with Bango to enable content providers to market to their subscribers.

The users get access to a greater variety of content. The MNOs get extra data revenues, a share of revenues billed through them and the comfort of a customer and brand-friendly service managed by Bango. A single integration with us costs much less than integrating with multiple content providers.

During the year we announced additional unique relationships with Orange, O2, Proximus and Cingular. The benefits to an MNO of opening up the mobile internet (enabling their end users to access off-portal content) can be gained safely and cost effectively through partnering with Bango. We expect many further relationships in the coming years.

In addition, the search companies, such as Yahoo and Google benefit from the ability to monetize search traffic by working with Bango. Bango has a large customer base with an active interest in advertising their mobile content thus driving an additional revenue stream for the search companies.

Bango customers

Bango customers range from global brands such as Manchester United Football Club, Sony BMG and News International through to smaller brands such as Codemasters games, The National Portrait Gallery and Funkimobiles to individuals running small businesses. They cover a wide range of sectors, including music, sports, print media, broadcasting, games and phone personalization.

Here are a selection of customers and what they have achieved by choosing Bango:

Hearst Publications

Hearst Publications, one of the world's largest publishers with a total of 19 US titles and 145 international editions of monthly magazines, partnered with Bango to launch mobile sites for Cosmopolitan, CosmoGIRL! and Seventeen in the US.

Hearst wanted to expand sales beyond selected operator portals and sell its content to readers on all the US networks. It was important for Hearst to connect with its readers on mobile so they selected the three magazines with a readership that would feel most comfortable with mobile.

Hearst promote one simple call-to-action in full page ads in the magazines and users on any mobile network in the US can quickly and easily access and pay for a wide range of content for their mobile.

"By expanding into the mobile marketplace, we're giving Cosmopolitan, CosmoGIRL! and Seventeen readers instant access to what they love on their phone," said Glen Ellen Brown, Vice President of Brand Development, Hearst Magazines. "Bango enables us to market, sell and deliver our branded information, and content directly to mobile phone users on all mobile networks – that's great news for our readers."

Mobile Impulse Inc.

New York based Mobile Impulse Inc wanted to produce the definitive "paid for" guide for the wide range of sites on the mobile internet. They signed up with Bango to provide payment services, and to enable them to track the behavior of users as they returned to the site using Bango identification technology.

The site was promoted almost exclusively by using Bango's search engine population tools and by Bango's viral marketing capabilities. Very rapidly, the site evolved to offer its own content in categories that were most sought after by users.

"The Bango platform has enabled us to enter a new market at very low cost, and has provided the tools to enable our users to spread awareness of our site to dozens of countries." said Peter Mills, CEO of Mobile Impulse Inc.

EMI Music UK

EMI Music is the world's largest independent music company and when it wanted to extend its online music brand, The Raft, to mobile, EMI chose Bango to give customers a state-of-the-art user experience and easy purchase options. EMI wanted to give music fans a great user experience that makes them want to come back for more. It wanted to develop a new revenue stream from back catalogue content that's not available on operator portals. It wanted to have a direct, interactive relationship with its fans through mobile.

EMI launched The Raft mobile site in January 2006. It is promoted to 300,000 web subscribers and by search and banner advertising. Bango's browse and buy technology provides a safe and transparent way for users to buy mobile content from The Raft.

"We care passionately about giving our customers great content and a good user experience," commented Danny Van Emden, Digital Media Director at EMI Music UK.

"We want to move away from single-shot text based purchasing of content as people can be unsure whether they have inadvertently signed up for a subscription service."

"Taking people into our own the-raft.com mobile portal means that they are in control. They can browse through our great range of content, including many niche areas outside of the UK top 40 such as classical, jazz and comedy that might be hard to find on network portals and then buy and download straight to their phone in a much simpler way."

The Sun newspaper

News International, publishers of The Sun newspaper, created a new mobile 'shop' for its branded content using the mobile internet and Bango's browse and buy technology. Although the Sun brand has a presence in a number of operator portals, News International wanted to have its own mobile site from which to leverage and build brand loyalty as well as develop new forms of interactivity to delight their users. The publishers also wanted to capitalize on traffic from the US and Canada visiting The Sun online website and have flexibility to implement their ideas very quickly.

News International markets the mobile site to its 9 million Sun newspaper readers and to the 3 million people who access the Sun online website. The Sun highlights that their mobile service is not a subscription service so consumers do not need to worry about any hidden charges. Using the Bango Free Txt Trigger, people can text to receive a link to the mobile site, without any charge. They only pay for content once they have browsed and selected an item they want to buy.

"It is vitally important that The Sun has a strong presence in all media whether it be print, web or mobile," said Simon Ashley, Commercial Manager, News Group Digital at News International. "Sun Mobile gives us a direct, interactive relationship with our customers on mobile. It's an important step as it allows us to develop a totally new revenue stream as well as develop the Sun's brand awareness within the youth market who are comfortable with accessing us via new media."

Manchester United Football Club

Manchester United Football Club (MUFC) is one of the world's biggest soccer clubs. They chose Bango to enable the selling of branded mobile content to their 100 million fans around the world. MUFC wanted a new revenue stream from mobile users and to develop a direct, interactive relationship with its fans through mobile.

Mobile services are promoted from the hugely popular www.manutd.com website and capitalize on the Club's huge fan base in Asia. Bango provides the services to ensure easy access to MUFC branded content, collection of micro-payments, detailed tracking of user spending patterns and the tools for peer-to-peer viral marketing.

By having a browse and buy mobile site, Manchester United has been able to increase the volume of repeat purchases compared to the old "one-shot" SMS delivery method. Research shows that repeat sales are tripled by taking users to a 'browse and buy' site on the phone.

Enabling users to preview and select from a range of content on their phones generates higher customer satisfaction and lower after-sales costs. Happier users have been shown to translate directly into higher spend and more repeat purchases as people return to buy more.

Competitive market developments

As yet we have not seen the emergence of a competitor to Bango in the form of a standard, global platform, although we do expect such systems to emerge in the coming years.

The main competitive pressure to Bango comes from developers inside content providers, consultancies working for content providers or content aggregators considering a home-grown solution. Typically these will revolve around one, or possibly two payment options, and will use simplistic technologies for user identification and will not provide many of the advanced Bango services. We have seen a number of companies try to copy the Bango system and fail to deliver when the complexity and challenges are understood.

While the cost of developing such a solution may be perhaps one hundred times the cost of using the Bango platform, developers typically underestimate the challenges of developing an effective user experience. In addition, where content sales are involved, the complexities of predicting user spending patterns may enable billing providers selling to in-house teams to imply that 'going direct' is cheaper than leveraging Bango. The fact that Bango delivers significantly broader reach and lower cost billing options is making it increasingly difficult for this arguement to gain support.

We believe that the bulk of the mobile content market will be served by a wide range of horizontally focussed service providers, providing commodity and platform services to existing or new web developers who will increasingly develop sites for the mobile internet.

We also believe that a number of more vertically integrated businesses will try to counter this trend - offering alleged one stop shops that claim to do everything from site creation, to hosting, to marketing, to billing aggregation. These are ultimately customers for Bango, but in the short term we believe that their business models may be sustainable if they can win customers who want to enter the mobile content market quickly and for whom money is not a problem.

Bango development focus

Bango relentlessly adds functionality to the platform, continually striving to improve content provider capabilities and value. At the same time, a great deal of energy goes into simplifying and streamlining the sign up process for new Bango customers.

Thousands of content providers have signed up for our services at www.bango.com. During the year, we embarked on our largest ever single development project – a new architecture for the bango.com website and a new content provider experience. Our goal is to enable millions of content providers to benefit from our platform, so we need to further simplify the process. We believe that the new bango.com website, which is going live in Summer 2006, will deliver on this goal and further extend our product leadership.

Providers of billing services for mobile content find Bango an attractive partner. By integrating with Bango, their offering is immediately available to thousands of content providers, without merchant marketing costs and with only one integration phase. Bango welcomes the opportunity to work with companies with strong end user propositions and genuine benefits to content providers or end users.

During 2006 PayPal connected to Bango to gain momentum in the mobile marketplace, and this relationship is developing well as Bango provides feedback to PayPal to make their offering more attractive to end users. In addition, the leading SMS aggregators are always keen to work with Bango as we enable them to get high volumes with low marketing and sales costs. In return, Bango can get beneficial pricing and service from such businesses whilst further increasing global reach and ease of payment for end-users.

10 Bango market predictions for the year ahead

- Customer confidence in mobile content will be increased by initiatives led by mobile operators, content providers and regulators.
- The mobile internet will open up cross-border competition and cut the cost of content creation and supply.
- The use of mobile search will become a popular discovery method with new companies operating successfully alongside Yahoo!, MSN, Google and the other internet goliaths.
- A wide range of new billing methods including peer-to-peer, mobile wallets, e-cash and bank debit will become more widely deployed.
- Age verification will arrive in the USA and other markets. This will open up gambling, gaming and other adult content to mobile users.
- Operators will slash the cost of data traffic to compete with side-loading and wi-fi.
- Mobile handsets and other integrated mobile devices will outpace the MP3 player as the mobile music device of choice.
- Video content will expand beyond broadcast channels to on-demand content delivered by IP (internet protocols).
- Businesses will start to support mobile devices as well as PC websites.
- Brands will increasingly want to interact with their consumers directly rather than through intermediaries.


WIRTSCHAFT
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SINGTAO Entertainment

Board of Directors and Advisors

Company registration number	05386079
Registered office	5 Westbrook Centre Milton Road Cambridge CB4 1YG
Board of Directors	01 Mr L C N Bury – Non Executive Chairman 02 Mr R Anderson – CEO 03 Mr A Malhotra – SVP of Marketing and Alliances 04 Mr P Saxton - CFO 05 Mr G S Seabrook – Non Executive 06 Mrs K L Oakley – Company Secretary
Advisors	
Bankers	HSBC Bank Plc Vitrum St Johns' Innovation Park Cambridge CB4 0DS
Solicitors	Taylor Wessing 24 Hills Road Cambridge CB2 1JW
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Byron House Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Nominated advisor and broker	Panmure Gordon (UK) Limited 155 Moorgate London EC2M 6XB
Public relations advisor	ICIS 10-15 Queen Street London EC4N 1TX


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Directors' Report

The Directors present their report and the financial statements of the group for the year ended 31 March 2006.

Principal activities and business review

The principal activity of the Company during the year was as investment holding Company for Bango.net Limited and other subsidiaries.

The principal activity of the Group during the year 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 content providers to quickly and easily gain access to a rapidly expanding market of millons of internet connected mobile phone users in more than one hundred countries. Bango technology and services have been delivered to many leading brands, including EMI, Manchester United Football Club, The Sun, Monstermob, Sony BMG, Vodafone, Hearst Publications, World Wrestling Entertainment and hundreds of others.

A review of the Group's performance for the year ended 31 March 2006 and future developments is contained in the Chairman's report and the CEO's report.

Changes in share capital

During the year the Company issued 5,599,826 new ordinary shares. Of these, 5,223,886 were issued when the Company floated on AIM and 375,940 were issued when share options were exercised (see note 15).

The Directors and their interests

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

	Ordinary shares of 20 pence each At 31 March 2006	Ordinary B shares of 1 pence each At 8 March 2005 or later date of appointment
Mr R Anderson	**5,947,260**	**297,363**
Mr A Malhotra	**4,007,000**	**200,350**
Mr P Saxton	**74,626**	**-**
Mr L C N Bury	**700,000**	**28,696**
Mr G S Seabrook	**44,000**	**2,200**

The shares shown at 8 March 2005 are prior to the share arrangements described in note 15 and relate to shareholdings in Bango.net Limited.

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

		Options to buy ordinary shares of 20 pence each		
		Option price	At 31 March 2006	At 8 March 2005 or later date of appointment
Mr R Anderson		**-**	**-**	**-**
Mr A Malhotra		**-**	**-**	**-**
Mr P Saxton	**Granted 1 March 2005**	**£0.50**	**200,000**	**200,000**
	Granted 21 September 2005	**£2.02**	**50,000**	**-**
Mr L C N Bury	**-**	**-**	**-**	**-**
Mr G S Seabrook	**-**	**-**	**-**	**-**

Mr R Anderson was appointed as a Director on 12 May 2005.

Mr A Malhotra was appointed as a Director on 20 May 2005.

Mr L C N Bury was appointed as a Director on 20 May 2005.

Mr G S Seabrook was appointed as a Director on 20 May 2005.

These four Directors were previously Directors of Bango.net Limited

Mr P Saxton was appointed as a Director on 20 May 2005.

Huntsmoor Limited and Huntsmoor Nominees Limited were appointed as a Director on incorporation and resigned as Directors on 12 May 2005.

Substantial interests

As at 9 May 2006 the following, other than Directors whose shareholdings are outlined above, had interests in 3% or more of the nominal value of the Company's ordinary shares of 20 pence each:

	Number of ordinary shares of 20 pence each	Percentage of issued share capital at time of notification
Herald Ventures Limited Partnerships	**2,827,210**	**10.65%**
Chase Nominees Limited	**1,400,900**	**5.27%**
Bank of New York (Nominees)	**1,120,100**	**4.22%**
Mellon Nominees UK Limited	**990,000**	**3.73%**

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 March 2006, the Group had an average of 42 days (2005: 41 days) content provider purchases outstanding in trade creditors.

Reporting under IFRS

As an AIM-listed Group, the Group is required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) from 2007. The Company is currently undertaking a review of the conversion from UK GAAP to IFRS. The first financial results prepared in accordance with IFRS's will be for the six months, ending 30 September 2007.

Financial risk management

Details of the Group's policy in respect to financial risk management is disclosed in Note 14 to the financial statements.

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

United Kingdom Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable 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 Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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 the Directors are aware:

- there is no relevant audit information of which the Group's Auditors are unaware; and
- 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.

Corporate governance

The Group is committed to high standards of corporate governance incorporating best practice for a group of this size.

During the year the Board comprized three Executive and two non-Executive Directors. The Company is in the process of identifying and appointing a third non-Executive Director.

The Board is responsible to shareholders for the proper management of the Company, and meets eleven times a year. The Board is responsible for setting and monitoring strategy, reviewing trading performance, ensuring adequate funding, formulating policy on key issues and reporting to shareholders.

Audit committee

An Audit Committee has been appointed which consists of the non-Executive Directors and meets not less than twice annually. The committee provides a forum for the Company's external Auditors; meetings are also attended by invitation by the Executive Directors. The Audit Committee is responsible for reviewing a wide range of financial matters including the interim and annual figures and reports and monitoring the controls which are in force in the Company, to ensure the integrity of the financial information reported to the shareholders.

The Board acknowledges its responsibility for maintaining a system of internal control which can provide appropriate assurance against misstatement or loss.

The elements contributing to this system are:

- An organization structure with clearly defined lines of authority, limits for authorization of transactions and segregation of duties.
- Production and review of monthly management information covering all aspects of the business in accordance with agreed timescales.
- Identification, monitoring and review of key performance indicators.
- Preparation, monitoring and review of annual budgets.

The Audit Committee considers that the system of internal financial control has operated effectively during the year.

Remuneration Committee

A Remuneration Committee has been appointed, which consists of the non-Executive Directors and meets not less than twice annually. The principal functions of the committee are to determine, on behalf of the Board and the shareholders, the Company policy for executive remuneration and the remuneration packages of the Executive Directors. It also considers the granting of share options to employees.

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 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Mrs K L Oakley
Company Secretary
17 May 2006

Report of the independent Auditor to the members of Bango plc

We have audited the group and parent Company financial statements (the "financial statements") of Bango plc for the year ended 31 March 2006, which comprise of the principal accounting policies, the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement and notes 1 to 23.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 Auditor

The Directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's report, the CEO's report and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 March 2006 and of the loss of the Group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2006.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Cambridge
17 May 2006

The maintenance and integrity of the Bango plc website is the responsibility of the Directors: the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from the legislation in other jurisdictions.

Accounting policies

Basis of preparation
Bango plc was incorporated for the purpose of achieving admission to trading on AIM of the existing business of Bango.net Limited. This was effected by the acquisition of the entire share capital of Bango.net Limited by way of a share for share exchange.

On 9 June Bango plc acquired the entire issued share capital of Bango.net Limited by way of a share for share exchange. The transaction qualifies as a group reconstruction within the meaning of FRS 6, and has been accounted for using the merger accounting method. Accordingly the financial information for the current period and comparatives has been presented as if Bango.net Limited had been owned by Bango plc throughout the current and prior periods.

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards. The principal accounting policies of the group are set out below.

Basis of consolidation
The group financial statements consolidate the financial statements of the Company and all Group undertakings. As a consolidated profit and loss account is published, a separate profit and loss account for the parent Company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

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

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

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

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

Revenue from services provided to mobile phone operators and content providers are recognized over the term of the contract.

Fixed assets
All fixed assets are initially recorded at cost.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	20% straight line
Office equipment	-	20% straight line
Computer equipment	-	33.3% straight line
Domain names	-	33.3% straight line

Domain names costs are capitalized as tangible fixed assets under UITF 29 and written off over their useful lives.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs
The Company operates a defined contribution pension scheme for some employees. The assets of the schemes are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation
Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the following exceptions:

Deferred tax assets are recognized only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

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

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

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

Interest receivable on cash balances is recognized on a receivable basis in the profit and loss account.

Investments
All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment.

Trade and other debtors
Trade and other debtors are recognized and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Employee share option schemes
In accordance with Urgent Issues Task Force Abstract 17 "Employee Share Schemes" the cost of awards to employees that take the form of shares or rights to shares is recognized as a charge to the profit and loss account. The amount charged to profit and loss is the difference between the "market value" at the time of grant (as agreed with the Inland Revenue) and the exercise price and a corresponding credit is made to reserves. During the year, all options were awarded at market value as agreed with the Inland Revenue.

Group profit and loss account

For the year ended 31 March 2006

	Note	2006 £	2005 £
Turnover	1	**7,532,877**	3,414,506
Cost of sales		**5,341,577**	2,439,628
Gross profit		**2,191,300**	974,878
Other operating charges	2	**3,719,266**	1,933,647
Other operating income	3	**-**	(25,532)
Operating loss	4	**(1,527,966)**	(933,237)
Interest receivable – bank interest		**195,069**	15,315
Loss on ordinary activities before taxation		**(1,332,897)**	(917,922)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial year	8	**(1,332,897)**	(917,922)
Basic and diluted loss per share (pence)	9	**(5.34)**	(4.38)

All of the activities of the Group are classed as continuing.
The Group has no recognized gains or losses other than the results for the year as set out above.

The Company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

Group balance sheet

For the year ended 31 March 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	11	**343,096**	88,533
Current assets			
Debtors	12	**2,267,458**	1,048,050
Cash at bank		**4,863,004**	320,220
		7,130,462	1,368,270
Creditors: amounts falling due within one year	13	**2,186,123**	1,211,571
Net current assets		**4,944,339**	156,699
Total assets less current liabilities		**5,287,435**	245,232
Capital and reserves			
Called-up equity share capital	15	**5,306,864**	4,186,900
Share premium account	16	**5,255,136**	-
Merger reserve	16	**1,236,225**	1,236,225
Profit and loss account	16	**(6,510,790)**	(5,177,893)
Shareholders' funds	16	**5,287,435**	245,232

These financial statements were approved by the Directors on 17 May 2006 and are signed on their behalf by:

Mr R Anderson

Mr P Saxton

Company balance sheet

For the year ended 31 March 2006

	Note	As at 31 March 2006 £
Fixed assets		
Investment	10	4,204,286
Current assets		
Debtors - due within one year	12	73,250
due after one year	12	3,307,672
Cash at bank		3,000,000
		6,380,922
Creditors: amounts falling due within one year	13	56,037
Net current assets		6,324,885
Total assets less current liabilities		10,529,171
Capital and reserves		
Called-up equity share capital	15	5,306,864
Share premium account	16	5,255,136
Profit and loss account	16	(32,829)
Shareholders' funds	16	10,529,171

These financial statements were approved by the Directors on 17 May 2006 and are signed on their behalf by:
Mr R Anderson
Mr P Saxton

Group cash flow

For the year ended 31 March 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	17	**(1,652,206)**	(583,065)
Returns on investments and servicing of finance			
Interest received		**195,069**	15,315
Net cash inflow from returns on investments and servicing of finance		**195,069**	15,315
Taxation			
Capital expenditure			
Payments to acquire tangible fixed assets		**(333,679)**	(62,297)
Net cash outflow from capital expenditure		**(333,679)**	(62,297)
Cash outflow before financing		**(1,790,816)**	(630,047)
Financing			
Issue of equity share capital		**1,119,963**	947
Share premium on issue of equity share capital		**5,999,758**	810,173
Share issue expense		**(786,121)**	(5,507)
Net cash inflow from financing		**6,333,600**	805,613
Increase in cash	17	**4,542,784**	175,566

Notes to the financial statements

For the year ended 31 March 2006

1 Turnover

An analysis of turnover by destination is given below:

	2006	2005
	£	£
United Kingdom	**6,833,613**	3,218,675
EU	**254,363**	51,590
US and Canada	**344,180**	104,676
Rest of the World	**100,721**	39,565
	7,532,877	3,414,506

Turnover and loss before taxation is split between the following activities:

Turnover	**£**	£
Content access fees	**6,470,383**	2,902,059
Content provider fees	**1,002,619**	311,797
Services to Mobile Network Operators	**59,875**	200,650
	7,532,877	3,414,506

Loss before taxation	**£**	£
Content access fees	**1,315,125**	531,711
Content provider fees	**816,300**	242,517
Services to Mobile Network Operators	**59,875**	200,650
	2,191,300	974,878
Common costs	**(3,719,266)**	(1,908,115)
Operating loss	**(1,527,966)**	(933,237)

2 Other operating charges

	2006	2005
	£	£
Administrative expenses	**3,719,266**	1,933,647

3 Other operating income

	2006	2005
	£	£
Receipt on termination of contract	-	25,532

Notes to the financial statements

For the year ended 31 March 2006

4 Operating loss

Operating loss is stated after charging (crediting):

	2006	2005
	£	£
Depreciation of owned fixed assets	76,427	42,874
Auditor's remuneration:		
Audit fees	82,730	17,000
Audit	36,500	12,000
Non-audit fees		
Tax advisory service	43,065	2,000
Other advisory services	3,165	3,000
Operating lease costs:		
Plant and equipment	1,110	1,691
Land and buildings	108,582	89,250
Net loss on foreign currency translation	5,032	1,518

The aggregate amount of Auditors remuneration paid in respect of flotation costs amounted to £119,067 (2005: nil). In accordance with FRS4 this has been deducted from share premium.

5 Particulars of employees

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

	2006	2005
	No	No
Administrative staff	4	3
Marketing staff	6	4
Sales staff	7	3
Technical staff	9	6
Executive Directors	3	2
Support staff	8	3
	37	21

The aggregate payroll costs of the above were:

	2006	2005
	£	£
Wages and salaries	1,745,137	979,732
Social security costs	176,307	109,332
Other pension costs	21,300	12,428
	1,942,744	1,101,492

Notes to the financial statements

For the year ended 31 March 2006

6 Directors

Remuneration in respect of Directors was as follows:

	2006	2005
	£	£
Emoluments receivable	**300,407**	193,740

The highest paid Director received total emoluments of £104,801 (2005: £86,870).

None of the Directors exercised share options in the Company during the year.

No Directors participated in the pension scheme during the year (2005: nil).

Included in the remuneration above is an amount of £26,250 paid to third parties for services as non-Executive Directors.

7 Taxation on ordinary activities

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax refund in the UK of 19% (2005: 19%)

	2006	2005
	£	£
Loss on ordinary activities before taxation	**(1,332,897)**	(917,922)
Loss on ordinary activities by rate of tax	**(253,251)**	(174,405)
Expenses not deductible for tax purposes	**20,869**	4,117
Difference between capital allowances and depreciation	**(3,573)**	1,397
Unutilised tax losses	**226,383**	167,790
Other timing differences	**9,572**	1,101
Total current tax	**-**	-

At 31 March 2006 the unutilised tax losses carried forward are £6.1 million (2005: £4.9 million).

8 Loss attributable to members of the parent Company

The loss dealt with in the accounts of the parent Company for the period from 10 June 2005 to 31 March 2006 was £32,829 (2005 - £Nil).

9 Loss per share

The calculation of basic loss per ordinary share is based on a loss of £1,332,897 (2005 - £917,922), being the loss for the year and on 24,983,944 (2005 - 20,918,940) being the weighted average number of equity shares in issue during the year.

The diluted loss per ordinary share is the same as the basic loss per share as the share options in issue are anti-dilutive.

The weighted average number of shares for the year-ending 31 March 2005 has been recalculated based on the share split on 9 June 2005 when each share in the Group was subdivided by 20.

Notes to the financial statements

For the year ended 31 March 2006

10 Investments

	£
Shares in subsidiary undertaking at 10 June 2005	**4,186,900**
Additions	**17,386**
Shares in subsidiary undertakings at 31 March 2006	**4,204,286**

As at 31 March 2006 the Company had an interest in the following undertakings:

Subsidiary undertaking	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 GmbH	Germany	Ordinary	100%	Sales office for Bango.net Limited services in Germany, Austria and Switzerland
Bango Inc	Delaware, USA	Common	100%	Sales office for Bango.net Limited in USA

Bango GmbH and Bango Inc were dormant throughout the year.

11 Tangible fixed assets

Group

	Leasehold improvements £	Office equipment £	Computer equipment £	Domain names £	Total £
Cost					
At 1 April 2005	29,446	32,578	213,672	-	275,696
Additions	124,312	31,634	146,769	30,964	333,679
Disposal	(29,446)	-	(1,530)	-	(30,976)
At 31 March 2006	124,312	64,212	358,911	30,964	578,399
Depreciation					
At 1 April 2005	25,310	23,235	138,618	-	187,163
Charge for the year	10,484	5,353	53,709	6,881	76,427
Depreciation on Disposals	(28,117)	-	(170)	-	(28,287)
At 31 March 2006	7,677	28,588	192,157	6,881	235,303
Net book value					
At 31 March 2006	**116,635**	**35,624**	**166,754**	**24,083**	**343,096**
At 31 March 2005	4,136	9,343	75,054	-	88,533

Notes to the financial statements

For the year ended 31 March 2006

12 Debtors

	The Group		The Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Trade debtors	**1,833,401**	802,151	**-**	-
Amounts due from subsidiary undertaking	**-**	-	**3,307,672**	-
Corporation tax repayable	**28,502**	28,502	**-**	-
Other debtors	**405,555**	217,397	**73,250**	-
	2,267,458	1,048,050	**3,380,922**	-

13 Creditors: amounts falling due within one year

	The Group		The Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Bank overdraft	**10,772**	-	**-**	-
Trade creditors	**1,787,603**	664,800	**17,401**	-
Accruals and deferred income	**236,760**	410,305	**21,250**	-
Amounts owed to group undertakings	**-**	-	**17,386**	-
Other taxation and social security	**150,988**	136,466	**-**	-
	2,186,123	1,211,571	**56,037**	-

14 Financial risk management objectives and policies

The group does not hold or issue financial instruments except those which arise directly form the group's operations (e.g. trade debtors, trade creditors, accruals and prepayments). The group raises funds through equity financing.

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Interest risk

The group has no borrowings. At the year-end some surplus funds were deposited with HSBC Bank plc and mainly with Anglo Irish Bank Corporation plc for periods of up to three months. The interest rates with Anglo Irish Bank were between 4.53% and 4.61% per annum.

Fair values of financial assets and liabilities

The fair values of all of the group's financial instruments are not materially different from their carrying values.

Notes to the financial statements

For the year ended 31 March 2006

15 Share capital

Group authorized share capital:

	2006 £	2005 £
37,500,000 ordinary shares of 20 pence each in Bango plc	**7,500,000**	7,500,000

Group allotted and called up share capital:

	2006 No	2006 £	2005 No	2005 £
Ordinary shares of 20 pence each in Bango plc	**26,534,321**	**5,306,864**	20,934,495	4,186,900

Company

	2006 No	2006 £
Authorized:		
Ordinary shares of 20 pence	**37,500,000**	**7,500,000**
Allotted and called up share capital:		
Ordinary shares of 20 pence	**26,534,321**	**5,306,864**

The Company was incorporated on 8 March 2005 with 1,000 authorized ordinary shares of £1 each. On incorporation the Company issued 1 ordinary share of £1 at par. The authorized shares were subdivided into £0.20 shares on 31 May 2005.

On 31 May 2005, the authorized share capital of the Company was increased to £7,500,000 by the creation of 7,499,000 new ordinary shares of £1 each. In accordance with merger accounting, the authorized share capital at 31 March 2005 has been restated.

On 31 May 2005, the authorized share capital of the Company was reorganized into 37,500,000 ordinary shares of 20 pence each.

On 9 June 2005, the Company acquired 100% of the issued share capital of Bango.net Limited by issuing 20,934,495 shares at par as follows:

- 568,940 ordinary shares in exchange for 28,477 "A" ordinary shares of Bango.net Limited.
- 14,797,559 ordinary shares in exchange for 739,878 "B" ordinary shares of Bango.net Limited.
- 1,740,440 ordinary shares in exchange for 87,022 "C" ordinary shares of Bango.net Limited.
- 3,827,560 ordinary shares in exchange for 191,378 "D" ordinary shares of Bango.net Limited.

On admission (30 June 2005) to AIM the Company issued 5,223,886 ordinary shares for a consideration of £1.34 per share. Share issue costs amounted to £786,121.

Notes to the financial statements

For the year ended 31 March 2006

During the year, the Company has issued 303,176 ordinary shares where employee share options have been exercised, for the following consideration:

Exercise date	Number of shares	Consideration per share (pence)
2 November 2005	150,000	31.00
10 November 2005	20,000	31.00
29 November 2005	4,500	28.75
29 November 2005	60,000	50.00
6 December 2005	6,000	28.75
6 December 2005	58,668	31.00
18 January 2006	2,006	50.00
18 January 2006	2,002	28.75
	303,176	

On 22 June 2005 72,764 share options were exercised for consideration of £0.20 per share. These were issued in lieu of services for a fair value of £41,500.

16 Reconciliation of shareholders funds and movements on reserves

	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total share-holders' funds £
At 1 April 2004	9,520	4,472,092	-	(4,259,971)	221,641
Proceeds from issue of Shares	947	946,073	-	-	947,020
Share issue costs	-	(5,507)	-	-	(5,507)
Share for share exchange	4,186,900	-	-	-	4,186,900
Share issue costs	-	-	-	-	-
Retained loss for the year	-	-	-	(917,922)	(917,922)
Merger adjustment	(10,467)	(5,412,658)	1,236,225	-	(4,186,900)
At 1 April 2005	4,186,900	-	1,236,225	(5,177,893)	245,232
Proceeds from issue of Shares	1,044,776	5,955,224	-	-	7,000,000
Share issue costs	-	(786,121)	-	-	(786,121)
Exercise of share options	75,188	86,033	-	-	161,221
Retained loss for the year	-	-	-	(1,332,897)	(1,332,897)
At 31 March 2006	5,306,864	5,255,136	1,236,225	(6,510,790)	5,287,435

The merger reserve has arisen as a result of the share for share exchange and represents the difference between the investment value in Bango plc and the share capital and share premium account in Bango.net Limited at the time of the transaction.

Notes to the financial statements

For the year ended 31 March 2006

16 Reconciliation of shareholders funds and movements on reserves (continued)

	Share capital £	Share premium £	Profit and loss account £	Total share-holders' funds £
Share for share exchange	4,186,900	-	-	4,186,900
Issue of ordinary shares	1,044,776	5,955,224	-	7,000,000
Exercise of share options	75,188	86,033	-	161,221
Share issue costs	-	(786,121)	-	(786,121)
Retained loss for the year	-	-	(32,829)	(32,829)
At 31 March 2006	5,306,864	5,255,136	(32,829)	10,529,171

17 Notes to the statement of cash flows

Reconciliation of operating loss to net cash outflow from operating activities	**2006 £**	2005 £
Operating loss	**(1,527,966)**	(933,237)
Shares issued in lieu of services	**41,500**	-
Depreciation	**76,427**	42,874
Decrease/(increase) in debtors	**(1,219,408)**	(188,341)
(Decrease)/increase in creditors	**974,552**	495,639
Disposal of fixed assets	**2,689**	-
Net cash outflow from operating activities	**(1,652,206)**	(583,065)

Reconciliation of net cash outflow to movement in net debt	**2006 £**	2005 £
(Decrease)/Increase in cash in the period	**4,542,784**	175,566
Movement in net funds in the period	**4,542,784**	175,566
Net funds at 1 April 2005	**320,220**	144,654
Net funds at 31 March 2006	**4,863,004**	320,220

Analysis of changes in net debt	**At 1 Apr 2005 £**	**Cash flows £**	**At 31 Mar 2006 £**
Net cash:			
Cash in hand and at bank	**320,220**	**4,542,784**	**4,863,004**
Net debt	**320,220**	**4,542,784**	**4,863,004**

Major non-cash transactions

On 9 June 2005 1,046,725 ordinary shares in Bango.net Limited as specified in Note 15 were exchanged for 20,934,495 ordinary shares in Bango plc.

Notes to the financial statements

For the year ended 31 March 2006

18 Share options

After the acquisition of Bango.net Limited on 9 June 2005 all of the existing share options in that Company, amounting to the equivalent of 2,052,000 options in Bango plc, were transferred to Bango plc.

The share options continue to carry the same rights as they did before the acquisition.

The following share options were outstanding over ordinary shares of £0.20 each as at 31 March 2006:

Date option granted	Option price per share (pence)	Expiry date	Number of options
28 April 2000	50.00	28 April 2010	60,000
2 May 2000	50.00	2 May 2010	60,000
19 May 2000	5.00	19 May 2010	80,000
25 August 2000	88.40	25 August 2010	26,000
31 October 2001	0.05	31 October 2011	2,500
2 April 2002	31.00	24 April 2012	93,000
2 May 2002	31.00	2 May 2012	115,000
25 August 2002	31.00	25 August 2012	92,000
24 February 2003	31.00	24 February 2013	95,332
27 August 2003	28.75	27 August 2013	69,000
27 February 2004	28.75	27 February 2014	417,500
27 May 2004	31.00	27 May 2014	40,000
27 July 2004	28.75	27 July 2014	50,000
28 August 2004	50.00	28 August 2014	96,000
18 February 2005	50.00	18 February 2015	190,500
1 March 2005	50.00	1 March 2015	230,000
21 September 2005	202.00	21 September 2015	251,000
1 March 2006	177.50	1 March 2016	208,000
			2,175,832

During the year 499,000 share options have been granted, 303,176 have been exercised and 71,992 options have been cancelled for employees who have left the Group during the year.

The market price of the ordinary shares of £0.20 each at 31 March 2006 was £2.05. The market price ranged from a low of £1.60 to a high of £2.30 from 30 June 2005 to 31 March 2006.

The share options held by Directors are detailed in the Directors' report.

Notes to the financial statements

For the year ended 31 March 2006

19 Commitments under operating leases

At 31 March 2006 the Group had annual commitments under non-cancellable operating leases as set out below:

The Group	**2006**	**2006**	2005	2005
	Land and buildings	**Other items**	Land and Buildings	Other items
	£	**£**	£	£
Operating leases which expire:				
Within 1 year	**28,430**	**399**	-	60
Within 2 to 5 years	**-**	**-**	89,250	1,320
Thereafter	**141,246**	**-**	-	-
	169,676	**399**	89,250	1,380

The Company does not hold any operating leases.

20 Related party transactions

There were no related party transactions during the year which require disclosure under FRS 8 except as disclosed elsewhere in these financial statements.

21 Capital commitments

There were no contingent liabilities at 31 March 2006 or 31 March 2005.

22 Contingent liabilities

There were no contingent liabilities at 31 March 2006 or 31 March 2005.

23 Pensions

Bango contributes to the pension funds of some employees. The pension cost charge represents contributions payable by Bango to these funds and amounted to £21,300 (2005: £12,428). Contributions totalling £1,775 (2005: £794) were owed at the balance sheet date and are included in creditors.

Notice of meeting

Notice is hereby given that the Annual General Meeting will be held at:

ICIS
10-15 Queen Street
London
EC1N 1TX

On Wednesday 12th July 2006 at 12:00 for the following purposes:

1 To consider the Accounts and Directors' report.
2 To re-appoint the Auditors.
3 To authorize the Directors to fix the remuneration of the Auditors.
4 To transact any other business.

A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote.

By order of the Board
Mrs K L Oakley, Secretary
17 May 2006

Registered Office
5 Westbrook Centre
Milton Road
Cambridge
CB4 1YG

Registered number 05386079

Bango offices

UK
Bango, 5 Westbrook Centre, Cambridge, CB4 1YG
Tel: +44 1223 472 777 Fax: +44 1223 472 778

USA
Bango, 909 Third Ave, 5th Floor, New York, NY 10022
Tel: +1 646 495 3090 Fax: +1 646 349 3023

Spain
Bango, Edificio Cuzco IV, Paseo de la Castellana 141-20a, 28046 Madrid
Tel: +34 917 893 483 Fax: +34 915 707 199

Germany
Bango, Im Mediapark 8, 50670 Köln
Tel: +49 221 55 40 52 64 Fax: +49 221 55 40 545

Email: **sales@bango.com**

www.bango.com