



There are 3 billion mobile phone users world-wide.

More people can now use the web through their mobile than have ever used the web through a PC.

There's only one Company that has created an open, global platform that enables businesses to exploit the mobile web opportunity.

There's only one open community of millions of users, connected through hundreds of mobile operators, that access and buy content on the mobile web.

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

There's only Bango.

Contents

04	The mobile web
06	What we do
07	Chairman's report
08	Highlights of the year
10	CEO's report
12	The Bango platform
15	The Bango business model
15	Mobile operators
15	Mobile search
15	Mobile advertising
16	Bango success stories
18	Competitive market developments
18	Bango development focus
19	10 Bango market predictions for the year ahead
22	Directors
23	Company information
24	Directors' report
26	Corporate governance statement
27	Remuneration Committee report
28	Report of the independent auditor to the members of Bango PLC
29	Consolidated balance sheet
30	Consolidated income statement
31	Consolidated cash flow statement
32	Consolidated statement of changes in equity
33	Notes to the financial statements
51	Report of the independent auditor to the members of Bango PLC
52	Company balance sheet
53	Notes to the Company financial statements
57	Annual General Meeting
58	Bango offices

The mobile web

Bango is focused on delivering the technology that makes the mobile web simple for everybody.

The internet and the world-wide-web dramatically simplified communication and commerce for PC users. Open standards, harmonization and ease of access drove down cost and increased transaction volumes.

This same trend is now spreading to mobile phones. Internet connectivity and web browsers are now standard. Mobile operators are opening up access for their users and lowering connection prices. The mobile web is open for business.

The mobile web is good news for businesses of all sizes:

- The interactive experience is easier and more customer friendly.
- It enables new applications that were historically impossible using traditional text messaging.
- Business models that work on the PC web can be expanded to mobile.
- Search engines can be used to find content and services.
- Communication becomes commoditized, reducing barriers and lowering costs.
- Services can be funded by advertising as well as content sales.

All this adds up to a better commercial environment and superior user experience that's driving the industry forward. Operators that once operated "walled gardens" are now seeing the benefits of giving their users access to the whole web from their mobiles. They are making billing and other services available to third parties to stimulate the growth of the "off-portal" mobile web. More choice for users and a greater range of content stimulates more use of the mobile web which in turn stimulates the creation of more mobile websites.

However, the mobile web is still new. There are only a few million websites created for mobile phone users compared with billions of sites created for the PC. Mobile users connect through a range of mobile operators with different approaches to discovery, search, identity and billing – so it's difficult and expensive to get users to a mobile website, identify them and collect payment.

Founded in 1999, Bango has established a leadership position as the Company that is opening up the mobile web for businesses of all sizes. Building a unique technology and a sustainable and universally accessible business model, Bango has emerged from the early stages of the mobile web marketplace with an impressive list of key customers and partners, who are benefiting from the opportunities presented by moving to the mobile web.

Mobile Web Live!

Real-time sample of visits and payments on Bango enabled mobile sites

The mobile web 05

bango

User ID	Device	Network	Country	Time (UTC)
66426***	Nokia 7260	BSNL India	India	11:23:05
117599***	Nokia 6680	Smart Communications	Philippines	11:23:05
117598***	Nokia 6230	T-Mobile Germany	Germany	11:23:02
116919***	SonyEricsson W880i	T-Mobile UK	United Kingdom	11:23:02
88629***	Samsung SGH-I607	Cingular USA	United States	11:23:01
105831***	Mozilla	Sprint PCS USA	United States	11:23:01
117602***	Mozilla	Sprint PCS USA	United States	11:23:00
112166***	Samsung SGH-E370	O2 UK United Kingdom	United Kingdom	11:22:59
98511***	SIE-M65	Aktel Bangladesh	Bangladesh	11:22:59
74888***	SonyEricsson W800i	O2 UK United Kingdom	United Kingdom	11:22:59
115503***	Nokia 6085	Vodacom South Africa	South Africa	11:22:58
112155***	Nokia 6111	MTN South Africa	South Africa	11:22:58
12536***	Samsung SGH-D500	O2 UK United Kingdom	United Kingdom	11:22:58
98511***	SIE-M65	Aktel Bangladesh	Bangladesh	11:22:57
70408***	Nokia N91-1	O2 UK United Kingdom	United Kingdom	11:22:55
39881***	SEC SGHX830	Vodacom South Africa	South Africa	11:22:54
112369***	Nokia 6060	Telefonica Spain	Spain	11:22:54
107559***	Blackberry 8100	Vodafone UK	United Kingdom	11:22:52
117608***	Samsung SGH-D600	O2 Germany	Germany	11:22:52
105836***	Motorola PEBL U6	O2 UK	United Kingdom	11:22:50
76896***	SEC SGHE900	O2 UK	United Kingdom	11:22:48
104949***	Nokia 3220	BSNL India	India	11:22:46
115870***	SEC SGHC230	Telenor Pakistan	Pakistan	11:22:46
116893***	Nokia 3200	Hutch India	India	11:22:44
116050***	Nokia 3220	China Mobile	China	11:22:43
117608***	SonyEricsson K700i	Satelindo Indonesia	Indonesia	11:22:42
34650***	SonyEricsson W810i	Orange UK	United Kingdom	11:22:41
117611***	Nokia 6280	Vodafone UK	United Kingdom	11:22:41
116368***	Motorola-K1m Obigo	Sprint PCS USA	United States	11:22:41
99991***	Mozilla	Bell Mobility Canada	Canada	11:22:40
53722***	Mozilla	O2 Germany	Germany	11:22:40
11544***	Nokia 6131	Tel Sweden	Sweden	11:22:40
117611***	Nokia 6131	Tel Sweden	Sweden	11:22:40
108315***	Nokia N70-1	Vodafone Netherlands	Netherlands	11:22:38
65910***	SonyEricsson K750i	O2 UK	United Kingdom	11:22:37
109985***	Samsung SGH-D600E	Orange UK	United Kingdom	11:22:37
115625***	Nokia 6630	O2 UK	United Kingdom	11:22:35
111395***	SonyEricsson W810i	O2 UK	United Kingdom	11:22:33
114895***	Mozilla	Sprint PCS USA	United States	11:22:33

At a conference Google CEO Eric Schmidt was asked "What do you see as the web's biggest growth areas?"

His reply: "Mobile, mobile, mobile - it's probably the most wide open space out there right now."

What we do

Bango delivers the technology that makes the mobile web simple for everybody.

Bango products eliminate complexity and fragmentation for businesses and content providers. Proprietary Bango technology enables them to leverage third party relationships more efficiently and benefit from data gathered from millions of users and thousands of content providers.

Bango provides unique capabilities that enable Bango customers to acquire more users than from other approaches. The costs of using Bango are low because the Bango system is easy to use, the technology is shared by many and Bango drives commoditization in the market.

Enabling businesses to thrive on the mobile web is Bango's highest priority. We focus on the three most challenging areas where our unique technology and relationships bring most value:

Traffic - Bango makes it easier and cheaper to drive visitors to mobile websites.

Information - Bango provides valuable information about users visiting a mobile site.

Payment - Bango enables mobile web users to easily pay directly from their mobile phone.

Through Bango, businesses quickly engage with the whole market, use the most effective tools to generate visitors and get the maximum return on their investment. Like the mobile web, Bango is global and works with all mobile operators and with new technologies such as WiMax and WiFi.

Bango customers are website and web page owners of all sizes: content providers, brands and even individuals. Customers include

global media giants like Sony BMG, News International, MTV and Hearst Publications who 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 use it as their route to mobile users. Bango enables the "long-tail" of content providers.

This "direct-to-mobile" approach operates alongside the mobile operator's own portals. Many of our customers operate both on and off-portal and we support our customers in gaining placement and positioning in operator portals to grow their business.

Partnerships that exploit and expand Bango's technology are an important part of Bango's business model:

- The world's leading mobile operators work with Bango to give their subscribers the widest choice of services.
- The world's leading mobile search and advertising companies work with Bango to make their services more widely available.
- The world's leading billing providers see Bango as an easy route to the mobile web.

Although the mobile web is in its early stages, Bango has already gained considerable momentum. In March 2007 more than one million unique users from more than 180 countries used the Bango system. It processed more than one billion transactions, including over 1 million payment transactions. Almost 500 new websites registered with Bango.

The benefits of Bango technology and services are now being augmented by market momentum and end user 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.



Chairman's report

The Board is pleased to report good progress in all areas of the business. Although the performance of the business was not consistent throughout the year, the overall picture is one of continued growth in revenue, generated by growing numbers of Bango customers supplying increasing amounts of content to an expanding pool of end users as well as expansion into new territories.

While Bango's technology and the mobile web have global reach, we have focussed our sales and marketing efforts where we see the most activity by content providers: USA, UK and Spain. There have been numerous customer wins in these territories as a result, including MTV, Capcom, Daily Telegraph, FT.com, Agent Provocateur, Jamba, Flycell, Betfred, Yamaha Music, EA Mobile, Rascal Flatts, Mediaplaza, Cellcity, Hands-On Mobile, Carmunity, MOMO, Paramount Pictures and Ministry of Sound. We also see significant potential in the gathering momentum among smaller content providers with hundreds of small and individual customers signing up since early 2007 when we launched our free sign-up Starter package. Our product range expanded to address high end customers with our Advantage product.

Compared to the previous financial year, we are pleased to report revenue growth of 38% to £10.43m. Our decision to reduce our charges for collecting payments for larger customers resulted in a slower gross margin increase of 12% to £2.47m. Our established UK business remains the biggest contributor to our growth, measured both by content providers paying for Bango services and end users connecting through Bango to reach or pay for content. Although we saw a slow down in end user spending in the UK during the first half of the financial year, which appears to have been due to problems with systems at one mobile operator and less activity during two summer months, growth resumed in the second half of the year and remains solid.

Outside the UK, growth has been faster than in the UK but from a smaller base. This has been driven by content providers in the UK using Bango to export globally and customers using Bango's global reach to access international content.

Based on the large number of content provider sign-ups over the last two years, we now have a considerable body of operating history from which to observe the relationship between content provider sign-up and subsequent promotion of their content. Smaller content providers appear to exploit the mobile web much more rapidly than larger ones. They use the tools and services of the mobile internet - including search, mobile advertising and communities to a much greater extent than existing brands, which appear to be slower to move from older style "text message" campaigns. Our management is increasingly focussed on improving Bango's ability to sell quickly and cost effectively to smaller content providers, while ensuring that the larger customers are provided with the tools and information to grow when they are ready.

The US market is showing tremendous potential, with increasing numbers of customers, of all sizes, using the Bango Service. They see Bango not only as a route to US based end users, but also 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 spend on content may be slower than that experienced in European markets as US mobile operators are slower to open up their billing services to a wide range of content than we saw in Europe.

This view is endorsed by the increasing number of US content providers investing in Bango products in preparation for marketing content to mobile end users, and to gain additional revenues outside the USA.

During January 2007, the Company restructured its sales and marketing operations to improve sales productivity, as well as giving our strategic partners more support and centralizing some previously regional sales activity. This has led to a significant reduction in monthly operating costs and cash burn, and has enabled the Company to start the financial year ending March 2008 with a net monthly cash burn of less than £100,000. The executive team remains focussed on sales and marketing efficiency so that in circumstances of rapid sales growth the business can sustain accelerating customer acquisition rates while containing costs.

The Company is well-positioned to exploit its market position. The product line is strong and there are several innovations coming to market that, the Board believes, will enhance the business's competitive stance, seed faster growth and reduce sales cost. During 2007 we will be introducing further low end products to facilitate the move by content providers from PC web to mobile web. The sales team continues to raise its productivity, selling more packages per sales person, and has increased the number of partners reselling the Bango Service.

I am pleased that Bango is gaining 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.

During the year there have been some Board changes. Martin Rigby joined us from the world of venture capital while Geoff Seabrook will be retiring at the AGM. We would like to thank him for his contribution to the Company.

Bango is a well positioned business that enjoys increasing opportunities for growth in revenue in this rapidly expanding market. We look forward to providing a further progress update at the half year.

Lindsay Bury
Chairman

Revenue by geography



Highlights of the year

April 06

May 06

June 06

July 06

August 06

September 06

Bango and mBlox collaborate to leverage the power of the mobile web



Direct billing integration with Spain's largest operator Telefónica Móviles España



Bango revenues grow 121% to £7.53 million

The Daily Telegraph's Alex goes mobile with Bango
The Daily Telegraph

Bango wins 'Meffy' award from the Mobile Entertainment Forum



Bango powers Asia's #1 mobile mega store



Top games companies go direct-to-mobile with Bango



Ray Anderson, CEO, receives industry accolade at ME Awards



Mobile search marketing agreement signed with Yahoo!



Bango helps MTV bring media rich content to mobile users



October 06

November 06

December 06

January 07

February 07

March 07

Launch of Safe Subscription service is an industry first

MediaPlazza selects Bango platform for its 60,000 affiliates



eBay service from Bonfire Media goes mobile with Bango

INgrooves connects music labels to consumers with Bango



Ministry of Sound signs up to the new Bango Advantage package



Direct billing integration with Vodafone and Orange in Spain



Bango powers mobile site for Gameloft, the number 2 mobile games provider



Platinum Studios sells comic content direct-to-mobile with Bango



Launch of Bango 2Go gives brands the fast-track to the mobile web

Bango Vision package released lets marketers "see" their mobile visitors

Bango empowers social networking phenomenon with FunkySexyCool

CEO's report

During the year ended March 2007, I am pleased to report that we have made significant progress towards developing a Company that is positioned to take full advantage of the growth in the mobile web. It has been a year of honing our products and our organization to become more efficient and more focused on where market demand is growing fastest.

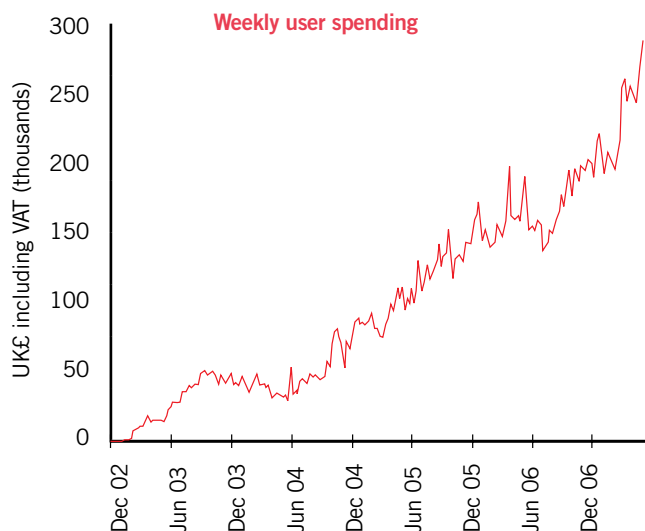
Specific activities include investment in our sales and marketing presence in the USA and Spain; development of our products and technology to make them easier to use and to expand their capability and efficiency; and the establishment of relationships with companies such as Yahoo! that we believe will be key to our success as the mobile web becomes mainstream.

Bango's product strength together with our sales and marketing activity won us more than 250 new Pro level customers including big brands such as Paramount Pictures, MTV and Gameloft and many smaller content providers. These customers signed up to one of our mobile web focussed products which generate recurring revenues for the business.

In addition many of these new customers have been successful in gaining business on the mobile web, resulting in a significant increase in transaction volumes over the year. Comparing March 2007 with March 2006, average daily user spending was up 48%.

We revised our revenue growth expectations downwards during the year as a result of three factors: a 2 month pause in growth in the UK in mid 2006, a slowness by larger companies in deploying their Bango powered solutions and a higher attrition rate among smaller US customers than we had experienced in other countries. I am pleased to report that revenue growth resumed at the end of 2006 and that we are seeing lower attrition among customers as we refine our products and the market starts to expand.

In January 2007 we initiated a drive to increase efficiency and effectiveness where we are seeing most growth and on reducing other activities. An example of this approach has been to exploit key partner relationships established in 2006 to implement operating cost reductions while increasing sales volumes. A reduced monthly cash burn of under £100,000 at financial year end show progress towards positive cash flow and profitability. Our year end cash balance of almost £2 million is considered sufficient to do this. We have adopted a more conservative approach to forecasting and remain focused on achieving the transition to profitability in the coming year.



The market continues to develop broadly in the way we envisaged, to favour the use of the mobile web as a way to sell and market content to users. UK and Spanish mobile operators announced "flat rate" and low cost mobile internet tariffs. Operators also started to open up their portals by including search engines. Major internet companies such as Google, Yahoo!, eBay and MySpace are beginning to push their PC users to mobiles. Our sales pipeline is expanding and customer sign-up rates are increasing. Our unique technology and product offering, together with the benefits of our expanding network of customers give us competitive advantage. We therefore enter the new financial year with confidence and enthusiasm.

Sales and marketing

We continued to develop our regional sales teams, modelled after our successful UK operations. The USA team based out of New York is making good progress. We expect many successful mobile websites will originate there and that many of the global leaders in mobile web will be most active in that market. We have a smaller presence in Spain, where we see many companies developing mobile sites with global appeal.

Our sales operations focussed in Germany did not show the traction we expected. Larger German content providers seem focussed on their local market, so the power of Bango's global reach is not as valuable. In addition those German companies with a global perspective prefer to engage with the UK based teams. We therefore scaled down our German-specific activities and re-allocated resources to a "Pan-European" team. As outlined previously, this is also in line with our aim to increase operational efficiency.

We believe that the US mobile content market is currently about 12 months behind the UK market but growing fast. Complexities of text messaging may mean that the US transitions more quickly from the SMS messaging phase that we saw in the UK to an internet model. The advertising led culture in the US is stimulating growth in the mobile web in a way not seen so far outside Japan. The launch of the Apple iPhone is raising the awareness of web access through mobiles.

Bango Partner Program

During 2006 we invested considerable time and resource in building a base of "development partners" who build mobile sites for content providers. With more than 30 partners actively participating in this program versus 14 a year earlier, we have shifted our focus towards making these partners successful and transferred the responsibilities of our global partner program into our regional sales, marketing and support teams.

Bango salespeople now engage partners faster in the selling cycle, shortening lead times and accelerating sales. Partners get direct access to Bango's customer service teams to enable them to better support opportunities. We have a special offering for new development partners, enabling them to learn about and integrate Bango technology without having to find an initial customer. The result of this has been an increased efficiency in dealing with partners, lowering costs and with the expectation of increased sales productivity in the coming years.

In the expectation of a rapid acceleration in demand for small, low cost mobile websites, we continue to work closely with a handful of companies we believe will be important providers of such services to "embed" Bango technology into their products.

Product development

Our unique technology and the service it enables is key to our competitive differentiation. The 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. For example, our BillRank technology finds the lowest cost biller for any payment transaction.

We also added features to the Bango platform that increased the number of visitors to content providers' sites by providing better integration with mobile search engines such as Yahoo!, JumpTap and Google. 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 independent industry position.

System availability exceeded 99.995% during the year. With transaction volumes constantly increasing, scalability at low cost and without service outage is vital. Our R&D team has steadily increased the capacity of the Bango system to stay ahead of demand at low cost. We established a third hosting facility and acquired new hardware and software for our data-centres from Zeus (caching and cross-server load balancing) and NetApp (reliable highly scalable storage). We also succeeded in achieving Level 2 PCI Data Security Standard certification.

We reinforced our IPR position by applying for further patents relating to our BillRank technology. We were also first to demonstrate the new UK "Payforit" user experience which is now automatically available to all our content providers. Payforit, a cross network mobile internet billing scheme, will become a mandatory requirement for mobile commerce in the UK later in calendar year 2007, and will accelerate the move away from SMS based payment systems.

Work to streamline and simplify our "self-service" proposition continued and we introduced a zero cost of entry "starter package" in preparation for marketing activity with key partners later in 2007. If the market develops as we anticipate we need to be able to service hundreds of thousands of content provider customers rather than the thousands we handle today. This work is ongoing.

Financial performance

Revenues grew 38% to £10.43m (£7.53m) and gross profit grew 12% to £2.47m (£2.19m FY06).

After slower growth in content access fees in the first half of the year, more substantial growth returned in the second half of the year, with revenue for the year up by 37% on the previous year. In line with Bango's decision to increase payouts to larger content provider customers, the gross margin percentage on content access fees reduced to 13% (2006: 20%). In absolute terms the gross margin earned on content access fees held broadly level at £1.17m (2006: £1.31m).

Content provider revenues grew to £1.54m (2006: £1.00m), up by 53% compared with the previous year, with margin also increasing by a similar percentage to £1.26m (2006: £0.82m).

Revenue and margin from services to mobile operators decreased to £0.03m (2006: £0.06m) as the Company continues to move away from one-off sources of income.

Operating expenses (excluding share based payments) increased by 48% to £5.53m (£3.75m) due to our expansion into new territories, product development and increased marketing spend. They reduced from around £550,000 per month in October 2006 to below £400,000 per month in March 2007.

The period to December 2006 was marked by investment in marketing, sales and partner recruitment to gain presence in Germany, USA and Spain. In January 2007 the changes in our partner program and sales focus enabled us to reduce our cost base

by around 30% over a 3-month period while still increasing monthly revenues and gross margin.

Our expectation is that we can continue to grow revenues and margins considerably with current operating cost levels, as a result of the high leverage we gain from our systems and partners.

A key focus on entering the current financial year is reducing customer acquisition cost to ensure we are in a good position to capitalize on our position when the market accelerates.

The loss before tax was £3.32m, £2.92m before share based payments. (£1.53m, £1.36m before share based payments). The loss was mostly due to investments in international roll-out, primarily in sales and marketing activity.

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 revenue and the purchase of new hardware to support future increases in demand as expected as existing and new customers increase their transaction volumes.

We experienced an increase in attrition rates during the year. Some early customers in the USA proved over-optimistic in their revenue forecasts and postponed their entry into the mobile web. Some of these have since returned now that there are ways to market more efficiently. Bango wishes to supply all potential customers without necessarily being able to predict which of those customers will succeed in monetizing their content. Therefore our business model and technologies concentrate on reducing costs and barriers to becoming a Bango customer and ensuring the running costs in the early stages of developing a mobile business are low.

Entering FY2007/8 the net monthly cash burn was around £100,000. Further sign-ups of customers and increasing transaction volumes are generating increasing gross margin. With costs stable we believe our existing resources and further business growth will take us to positive cash flow and profitability.

Outlook and strategy for FY2007/8

We have established an effective and scalable business in an early stage market. Growth is continuing and current performance indicators are favourable.

With largely predictable and stable operational costs, our focus for the year to March 2008 is to continue to drive down customer acquisition costs and to strengthen the product proposition. This will enable us to increase our growth rates while maintaining stable operating expenditure.

Our goal is to reach profitability and to be cashflow positive with a significantly reduced cost of customer acquisition this year – and before the market enters a fast growth phase. This will enable us to capitalize on market growth from a position of strength.

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, we look forward to increasing success in the year ahead.

Ray Anderson
Chief Executive Officer

The Bango platform

Bango provides a standards-based mobile trading platform that enables a global community of businesses, content providers and end users to locate each other, then interact and trade on the mobile web. 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 on-line service that operates 24 hours a day, seven days a week. Content providers create their mobile websites or work with a wide range of Bango partners to create them. They register these mobile websites at www.bango.com, set prices for content items either per transaction or using subscriptions and add meta-tags or keywords that can be used to find the content from search engines.

The technology in the Bango platform has value aligned to Bango's focus on the success of content providers in three areas:

Traffic

Bango tools drive users to mobile websites from PC websites, media and print advertising, through viral marketing, communities and social networking, text push campaigns, mobile advertising and mobile search feeds.

Registration of traffic URL's at www.bango.com automatically provides many benefits for a content provider. Bango automatically feeds the leading search engines to generate search traffic. Bango provides SMS short and global codes that can be used in off-line promotion. Bango Web Triggers can drive traffic from PC websites to mobiles and Bango provides tools for viral marketing, community generation and short URLs.

Information

The Bango system provides identity, history, tracking and other data to enable a mobile website to identify and personalize the experience for each individual. Detailed analytics show where users come from and measure promotional campaign effectiveness to optimize marketing spend.

Add a Bango Information URL to a website to get valuable information about visitors in real-time. Bango's identification technology unifies multiple different identity schemes in use across mobile operators to provide a unique global Bango Fingerprint to identify users and provide a personal experience without logins or passwords. Find out where people are coming from and what currency they use and drive higher satisfaction and more repeat visits. As well as real-time information, Bango provides detailed reports for visits, promotional activities, payments and market trends as required.

Payment conversions



View access from txt triggers



See last 5 transactions

Payment

Bango connects to dozens of mobile payment and billing providers around the world. Bango BillRank technology dynamically selects the best billing channel to suit the user and the content provider. By providing efficient and immediate world-wide coverage, Bango maximizes revenues and reduces billing costs for content providers of all sizes.

Bango's payment systems collect money from mobile phone users anywhere in the world. Payment can be per access, for a period of time, a recurring subscription or on-demand. Pricing can be set globally or by country or even by user. Bango geo-locates each visitor and automatically presents payment screens in the appropriate language and currency. Our BillRank technology dynamically selects the best payment method from more than 40 of the world's leading billing channels. By effectively commoditizing billing providers and enabling more open competition between billers, Bango provides lower cost billing for content providers. Full back-office systems generate regular statements, handle tax accounting and out-payment processing. A comprehensive set of real-time statistics and reporting is provided at www.bango.com

At the heart of the Bango platform is a database that stores the transaction histories of millions of uniquely identified users

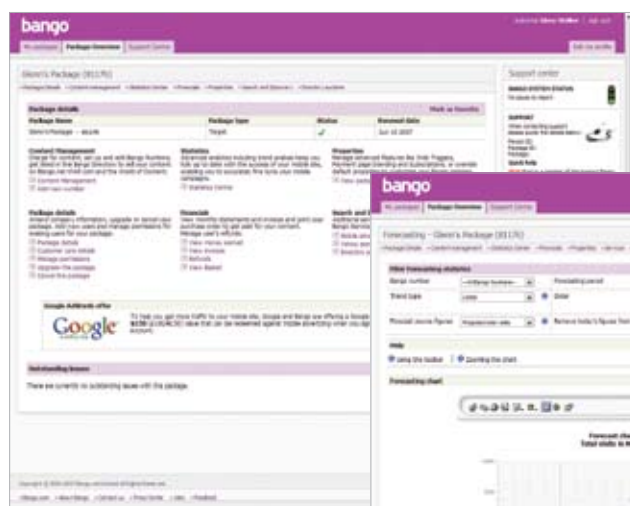
world-wide. The ability of Bango to use the information gained about users to the benefit of the whole Bango content provider community is a powerful benefit of the Bango approach and builds a considerable barrier for potential competitors.

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. Bango's 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.

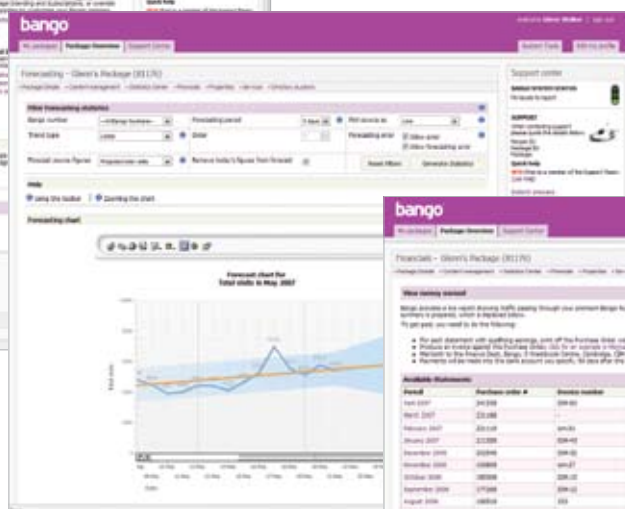
Bango's knowledge of end user identity, history and behaviour across multiple content providers improves end user experience. The costs of the platform are shared across thousands of content providers offering millions of items. The Bango platform encourages community, where users can surf and explore content, sharing favourite items with their friends and colleagues, therefore dramatically reducing the marketing costs for content providers.

Technically the Bango Service is hosted in server farms on three different geographic sites, providing reliability, maintainability and resilience. The high levels of reliability of the Bango system provide added benefit to our customers as we can route around failures in billing or access providers.

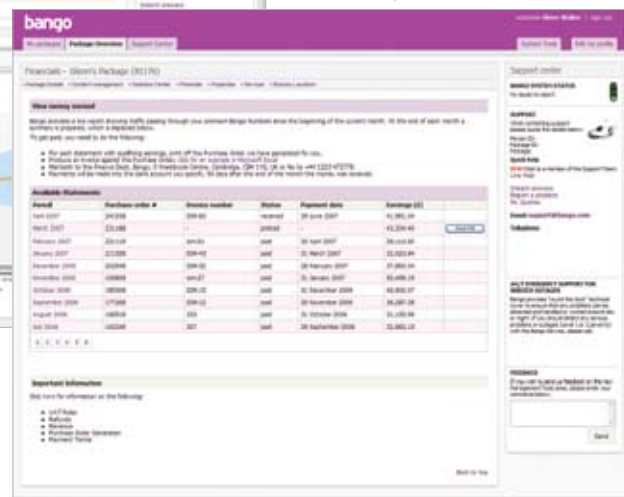
Package overview with Google AdWord offer



View visitor numbers



View money earned





End user lookups per month: >11 million

New users per month: 551,375

Number of different devices seen each month: >900

Operators seen each month: 200

Countries accessing Bango each month: 199

Top daily spend: (1 user) £225

Top monthly spend: (1 user) £749

The Bango business model

Businesses pay Bango a monthly fee to use the Bango Service. The level of Bango services provided varies depending on the fee. Bango has relationships with mobile operators and billing providers to ensure global coverage and maximize revenue collection at the lowest cost.

There are a wide range of billing systems and schemes that can be used with mobile phone users. These include “WAP billing”, Premium SMS, Payforit, credit card, PayPal, Premium phone and many others being developed and launched. Bango has a clear position in payment to act in the content provider's best interests – rather than promoting any specific biller. Billing is a commodity service and needs to be made simple and inexpensive for all.

When a content provider uses Bango to collect a payment from a mobile user, Bango BillRank 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 a payment screen most likely to generate a successful payment using the appropriate billing provider for that transaction.

If a payment is successful, Bango forwards the funds collected to the content provider. Part of the payment is retained by Bango. The proportion retained is <2% for high volume customers to more than 30% for low volume content providers.

Bango typically acts as a principal in the transaction to simplify VAT and other taxes for the content provider.

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

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

Billing efficiency - increasing the range of effective billing providers available for end users. The goal is to make payments to content providers as easy as possible and at the lowest cost.

Traffic - increasing the volume and value of transactions that are conducted by users by providing marketing tools and by search engine placement and partnerships.

Mobile operators

Mobile operators are the equivalent of internet service providers in the fixed internet world in that they provide connectivity to the mobile internet to end users. Operators also have billing and other relationships with their customers that they wish to leverage. Operators benefit from Bango. Their subscribers get access to a greater variety of content - generating extra data revenues. They gain a share of revenues billed through them and the comfort of a customer and brand-friendly service managed by Bango. A single integration with Bango costs much less than integrating with many content providers.

During the year we continued to establish and develop our relationships with operators. The benefits to an operator from 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.



Mobile search

Mobile search is much more fragmented than on the PC, since traditionally the choice and availability of a search engine has been controlled by the mobile operator. Web search companies, such as Yahoo! and Google, are also entering the market and have the benefit of brand recognition for consumers.

Historically, the quality of mobile search was poor because the search companies had few ways to find mobile sites. They benefit from 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.

Mobile advertising

With more users browsing mobile websites, the site owners are discovering that advertising can generate useful revenues just as it does on the PC web. Spending on mobile advertising needs to be carefully tracked to measure return on investment. Bango provides the tools and services to do that reliably and independently.

Bango success stories

MTV

MTV, the world's most watched television network and the leading multimedia brand for youth, used Bango to help it extend the on-line experience for its successful European Music Awards. Bango enabled MTV to reach out to millions of users with mobile phones, engage with consumers in multiple languages world-wide and understand which content was most popular.

"We created a great foundation for our mobile strategy moving forward," said Mark Bamber, Director of Mobile at MTV Networks International Digital Media. "For 2007, we plan to make the mobile site an even bigger part of MTV's EMA strategy, strengthening our position as a global leader in the field of music and creating a more interactive experience for music lovers throughout Europe and beyond."

WWE

World Wrestling Entertainment (WWE) is a global sports entertainment brand with millions of fans around the world. Within 4 months of launching the service, WWE had consumers from more than 40 countries purchasing an array of content through more than 110 operators around the world. WWE fans are drawn to the WAP site because it is really like a mini-web experience.

"The reception from WWE fans so far has been fantastic," said David Knise, WWE's Vice President, Interactive Development. "We knew that our storefront would have great appeal, but the results so far have been exceptional."

Gameloft

Gameloft, the world's number two publisher and developer of video games for mobile phones, choose Bango to power its off-portal mobile website and process payments directly integrated into the WAP session. Gameloft is using the unique promotional capabilities of the internet to drive traffic to the mobile site with users coming from across Europe and the US.

"We are very happy to have signed this partnership with Bango," said Houssain Elguertit, B2C Development Manager at Gameloft. "We're witnessing a big evolution today in terms of WAP usage and Bango is a good partner to work with for WAP billing."

Platinum Studios

Platinum Studios, which has championed the comic creator for over a decade, invested in a mobile web presence to offer comic creators new revenue opportunities outside of traditional print publishing. Bango's direct-to-consumer technology makes that a reality for Platinum.

"We needed to be able to deliver our content everywhere our consumers were and a technology provider which understood the world-wide mobile network complexity – we found both in Bango," said Howard Brodwin, head of Platinum Studios' digital publishing Group. "Using Bango, millions of comic book fans with a mobile phone will have the opportunity to discover, connect and download their favourite comic characters via the mobile web."

Basin Street Records

This New Orleans based independent record label has weathered Hurricane Katrina and is now reaching out to Jazz fans world-wide with a mobile site for nine of its artists, beginning with the Jazz trumpeter Kermit Ruffins. The New Orleans Jazz and Heritage festival was a great place to promote the mobile site and gave fans a way of engaging directly on the mobile phone.

"Our mobile sites will give concert goers the ability to download ringtones or album art or even sign up for newsletters. All a fan needs is access to the mobile web" said the label's founder, Mark Samuels.



Admob

AdMob, the world's largest mobile advertising marketplace, uses Bango technology to enable both advertisers and publishers to target and personalize advertising to their customers in 150 countries. Bango identifies where users are coming from – their country, network and handset – so advertising can be fine tuned to generate the best possible results for advertisers.

“No one else has the same global reach on the mobile web as Bango,” said Russell Buckley, Managing Director of Admob in Europe. “Its relationship with operators world-wide gives us a unique insight into the millions of people surfing the mobile

Christian Mobile

ChristianMobile, the world's first Christian content, media and entertainment service offering Bible downloads, wallpapers, ringtones and videos, uses the Bango technology to reach out to its global audience. With its downloadable bible on offer in 12 different languages, the mobile internet was the perfect place to promote and sell their offering on a global scale.

“With the mobile internet we are able to reach out to our world-wide audience and offer a seamless service using Bango's unique global reach” said Bertus Preller, Marketing Executive at Christian Mobile.

Gamemobile

As Gamemobile.co.uk found out, the mobile web is a great way to reach customers spread across the world. Although a relatively small player in the mobile games market, Gamemobile used the strength of its PC website and its customer based of 250,000 users globally, to extend its offering to the mobile web. Using Bango, Gamemobile pushed people from their PC website to the mobile site and increased revenues by selling games directly on the mobile phone.

“The PC website and the mobile site work hand in hand. By using Bango we are able to charge users across the globe for our mobile games and extend the brand to create loyalty and repeat purchases” said Richard Hawley, CEO, Gamemobile.

Filmnight.com

Filmnight.com, the on-line DVD store, uses their on-line PC presence to promote mobile content such as ringtones, wallpapers and videos of the latest movies to their consumers. With the help of Bango, Filmnight.com are able to seamlessly offer the best one-click billing options to their users maximizing their revenues and optimizing the user experience.

“Our PC web presence is the ideal platform to promote our mobile content and with the help of Bango we are able to easily charge consumers, which encourages them to come back and buy more” said David McDonald, Head of Mobile, Filmnight.com



Competitive market developments

A direct competitor to Bango in the form of a standard global platform for the mobile web has not yet been detected.

The main competitive pressure to Bango comes from “home-grown” solutions developed inside content providers or by consultancies working for them. Typically these revolve around one or two payment options and use simplistic technologies for user identification. They cannot provide the benefits gained from Bango’s view across thousands of websites and millions of users, or from the unique relationships Bango has established.

Companies have tried to copy the Bango system and failed to deliver when the complexity and challenges are understood. Developers typically underestimate the challenges of not fully developing an effective user experience and over-estimate the capabilities of billing providers.

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 web.

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 and billing aggregation. These are potential customers for Bango.

The benefits of the “network effect” as more and more users and content providers start to use Bango will over time deliver a competitive barrier that will assist Bango in retaining market lead.

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. Our goal is to enable millions of content providers to benefit from our platform, so we need to further simplify the process. Major changes to www.bango.com went live in May 2007 to further simplify engagement with Bango.

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 FY 2007 Bango worked closely with mBlox, an SMS aggregator and Ericsson, a major supplier of billing systems to mobile operators, to cut the cost of connecting to the widest range of possible billing partners.

During the year, major enhancements were made to the Bango traffic services to feed information into search engines more efficiently in advance of major deployments and marketing campaigns by search companies which we anticipate in the coming year.

10 Bango market predictions for the year ahead

Market prediction

Mobile operators will reduce charges for accessing the mobile internet.

Search and browsing will dominate the way phone users access mobile content and services.

Mobile operators will start to promote mobile web access, and re-focus on network capabilities, moving away from “on-portal” content.

Phones costs will continue to come down, causing the mobile web browser technology to become more standardized.

It will become as easy, and cheap, to get a mobile website built as a PC website.

Newer “mobile internet phones” like the Nokia N95 and Apple iPhone and handsets with a Google “find” button built-in, increase pressure to make phones more open.

Access controls to age restricted content will become widespread across Europe, and start to appear in the USA.

Mobile commerce – buying travel tickets and basic consumables via the mobile web – will spread from Japan and Korea to Europe and the US.

Regulators and policy makers will move towards greater protection of personal data.

Mobile will become the new battleground for dominance in on-line search marketing and advertising – Google and Yahoo! with Microsoft aiming to catch-up.

Benefit for Bango and mobile web

This will encourage greater consumption of premium content such as music, video and on-line games. It will attract more media companies to marketing content directly to mobile rather than loading through a PC as happens with the iPod.

A “mobile web” strategy provides the ideal platform to reach this global audience. Search enables a global audience to find mobile content, previously restricted by limitations of SMS.

Control of marketing and distribution returns to the content providers, as on the web. Operators work more closely with technical platform providers such as Bango, so that content providers can easily benefit from network capabilities.

Lower costs enable fewer “special features” to be added by manufacturers. Access to content and services becomes more standardized, applications can be written once and deployed across multiple devices more quickly.

Unlocking the 99% of on-line business that has yet to engage with the mobile market. More businesses will go mobile, accelerating market growth.

A trend towards PC-like ease of access to the internet from phones encourages content providers to drive consumer interaction through their mobile sites.

Regulation and controls are a pre-requisite for growth in age-restricted entertainment. Operators will increasingly require specific control and delivery of these services; content providers can depend on Bango technology to ensure safe delivery of restricted mobile content cross-operator.

As mobile business expands beyond made-for-mobile content only, businesses will look for economic billing services for very low margin goods.

Content providers will need to identify who their customers are without knowing any personal data, e.g. their phone numbers. Bango's investment in “identity” technology enables content providers to operate independent of phone number.

Bango's central traffic-generation “hub” enables content providers to leverage multiple mobile marketing channels at very low cost. Bango will strengthen its links with search companies to better enable content providers activity.





STOCKS REBOUND ON SOLID PROFITS, FRESH OPTIMISM

DATA Hints Another Six-Year High
As Continued Economic Strength
Overwhelms Interest-Rate Fears

By T.A. Barron

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COULD A FURTHER RISE IN THE

price of the Dow Jones Industrial

average be in the cards for the

market? The answer, according

to a number of analysts, is yes.

The Dow Jones Industrial

average closed at 11,400.15

on Friday, up 100.15 points, or

0.9%, from 11,299.99 on

Thursday. The gain was the

first in three days. The

market's recovery was

driven by a rise in the

父母擇場 開生日派對 何韻詩

SINGTAO Entertainment Weekly

何韻詩前日29號生日，日前與Fan Club舉行生日

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Directors



Ray Anderson
CEO

Ray has twenty-five years' experience in starting, growing and selling businesses. He was named "Technology Entrepreneur of the Year" in February 2006. 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. In 1988, 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 and Alliances

Anil is a highly experienced, senior marketing and business development manager, with 17 years experience in building entrepreneurial, fast-growth start-up businesses in the internet, software publishing and technology sectors. He co-founded Bango with Ray Anderson in 1999 and was formerly with IXI, where Anil won world-wide deals with US, Japanese and European industry giants including IBM, Digital and Sun Microsystems.



Peter Saxton
CFO

Peter provides the financial leadership, direction and policy guidance to the Company as it continues to grow rapidly. He has over 20 years experience in all financial disciplines including accounting, fund-raising and acquisitions. From 1996 to 2001 he was Finance Director at PayPoint, the UK's leading branded utility bill payment Company. From start-up, Peter was responsible for all finance activity and enabled the Company to profitably process more than £2 billion of payments per year.



Lindsay Bury
Chairman

Lindsay is a Non-executive Director of Sage Group plc and Service Power Technologies. He is also Chairman of Homeserve plc and General Investment Trust plc. Lindsay is also a Director or significant shareholder in a number of unquoted software companies including ServicePower Technologies plc. Since 1984 he has been Chairman of the Sharp Technology Fund, a venture capital fund specializing in technology investments.



Martin Rigby
Non-executive Director

Martin is founder and joint managing Director of ET Capital Limited, a shareholder in the Company. He has been a venture capital investor for over 20 years making and manages investments in innovative technology businesses, principally in network services, software and hardware.



Geoff Seabrook
Non-executive Director

Geoff is the Co-Founder of Visual Nexus Limited. For the past twenty years he has held senior executive positions in Silicon Valley for a number of companies including Tarantella, SCO, Century Data and Memorex. After starting his career as an engineer, during which time he designed and built the world's first computerized sport stadium scoreboard, he has run sales and marketing operations around the world, before becoming a corporate strategist.

Company information

Company registration number	05386079
Registered Office	5 Westbrook Centre Milton Road Cambridge CB4 1YG
Directors	Mr L C N Bury - Chairman Mr R Anderson - CEO Mr A Malhotra - SVP Marketing & Alliances Mr P Saxton - CFO Mr G Seabrook - Non-executive Director Mr M Rigby – Non-executive Director (appointed 29 March 2007)
Company Secretary	Mr H Goldstein (appointed 30 June 2006)
Bankers	HSBC Bank Plc Vitrum St Johns' Innovation Park Cambridge CB4 0DS
Solicitors	Taylor Wessing 24 Hills Road Cambridge CB2 1JW
Independent auditor	Grant Thornton UK LLP Byron House 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

Directors' report

The Directors present the annual report and audited financial statements of Bango PLC for the year ended 31 March 2007.

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 businesses of all sizes to quickly and easily benefit from the expansion of the world-wide-web to mobile phones. Bango technology and services have been used by many leading brands including MTV International, BBC, World Wrestling Entertainment, Gameloft, The Sun, The Times, Maxim, Capcom, Ministry of Sound, Thumbplay, Universal Music, Sony BMG, and Channel 4.

A review of the Group's performance for the year ended 31 March 2007 and future developments is contained in the Chairman's report and the CEO's report.

Key performance indicators

The Group made a loss of £3,317,106 (£2,915,466 before share based payment costs) for the year ended 31 March 2007 (2006: loss of £1,526,202, £1,359,840 before share based payment costs). The Directors do not recommend payment of a dividend.

The Directors and their interests

The Directors who served the Company throughout the year, except as noted, together with their beneficial interests in the shares of the Company were as follows:

	Ordinary shares of 20p each At 31 March 2007	Ordinary shares of 20p each At 31 March 2007
		(or appointment to the Board if later)

Mr R Anderson	5,947,260	5,947,260
Mr A Malhotra	4,007,000	4,007,000
Mr P Saxton	74,626	74,626
Mr L C N Bury	700,000	700,000
Mr G S Seabrook	44,000	44,000
Mr M Rigby (appointed 29 March 2007)	21,999	21,999

The Directors did not exercise any share options during the year.

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

Options to buy ordinary shares of 20p each

		Option price	At 31 March 2007	At 31 March 2006
Mr P Saxton	Granted 1 March 2005	£0.500	200,000	200,000
	Granted 21 September 2005	£2.020	50,000	50,000
	Granted 25 May 2006	£1.400	50,000	-
	Granted 22 March 2007	£0.505	76,250	-
	Total		376,250	250,000

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.

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 2007, the Group had an average of 77 days (2006: 83 days) content provider purchases outstanding in trade payables.

Donations

The Group made charitable donations during the year of £1,200 (2006: £nil). There were no donations to political parties.

Share capital

Details of changes in the share capital of the Company during the year are given in note 7 to the financial statements.

Substantial shareholdings

As at 21 May 2007, the Company was aware of the following interests (other than Directors) in 3% or more of the ordinary issued share capital of the Company.

	Number of ordinary shares of 20 pence each	Percentage of issued share capital at time of notification
Rock (Nominees) Limited	2,928,187	10.90%
Chase Nominees Limited	2,272,067	8.45%
BNY (OCS) Nominees Limited	1,846,391	6.86%
Mellon Nominees (UK) Limited	1,225,000	4.56%
The Bank of New York (Nominees) Limited	1,198,768	4.46%

Directors' report

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.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

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.

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.

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 28 and 51, 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 Annual 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 have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and separate parent Company financial statements under UK GAAP. The Group financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these Group financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State that the Group financial statements comply with IFRSs as adopted by the European Union.
- Prepare the Group 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 the Group and to 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 the Group 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 Company'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 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Company Secretary
Mr H Goldstein

Corporate governance statement

Audit Committee

The Audit Committee comprises the Chairman and both 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, and to provide reasonable, but not absolute assurance against material misstatement or loss.

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

- A clearly defined organisational 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 cheques and authorise 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 recognises 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. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Remuneration Committee report

The Remuneration Committee comprises the Chairman and both 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 Company'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 Chief Executive Officer and Chief Finance Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Finance Officer and of other senior executives of the Group. The Chief Executive Officer 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 incentivising 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 March 2007 are given in note 7 to the financial statements.

Service agreements

The Executive Directors have service agreements with Bango plc. 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.

Director's emoluments

Remuneration in respect of the Directors was as follows:

	2007 £'000	2006 £'000
Aggregate emoluments	405,858	300,407
Aggregate emoluments of highest paid Director	144,300	104,801

Report of the independent auditor to the members of Bango PLC

We have audited the Group financial statements of Bango PLC for the year ended 31 March 2007 which comprise the principal accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity and notes 1 to 18. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Bango PLC for the year ended 31 March 2007.

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 auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the Group 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 Group financial statements give a true and fair view and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the CEO's report that is cross referred from the business review section of the Directors' report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

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

Basis of audit 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 Group financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group'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 Group 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 Group financial statements.

Opinion

In our opinion:

- The Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2007 and of its loss for the year then ended.
- The Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.
- The information given in the Directors' report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants

Cambridge
6 July 2007

Consolidated balance sheet

At 31 March 2007

	Note	2007 £	2006 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	506,450	319,013
Intangible assets	5	15,311	24,083
		521,761	343,096
Current assets			
Trade and other receivables	6	2,423,266	2,267,458
Cash and cash equivalents		1,931,094	4,863,004
		4,354,360	7,130,462
Total assets		4,876,121	7,473,558
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	7	5,369,548	5,306,864
Share premium account		5,310,885	5,255,136
Merger reserve		1,236,225	1,236,225
Other reserve		595,835	194,195
Accumulated losses		(10,072,270)	(6,755,164)
Total equity		2,440,223	5,237,256
LIABILITIES			
Current liabilities			
Bank overdraft		-	10,772
Trade and other payables	8	2,435,898	2,225,530
Total liabilities		2,435,898	2,236,302
Total equity and liabilities		4,876,121	7,473,558

These financial statements were approved by the Directors on 20 June 2007 and are signed on their behalf by:

Mr R Anderson, Director
Mr P Saxton, Director

The notes on pages 33 to 50 are an integral part of these consolidated financial statements.

Consolidated income statement

For the year ended 31 March 2007

	Note	2007 £	2006 £
Revenue	4	10,428,312	7,532,877
Cost of sales		(7,962,403)	(5,341,577)
Gross profit		2,465,909	2,191,300
Administrative expenses		(5,528,659)	(3,746,209)
Share based payments		(401,640)	(166,362)
Operating loss	4	(3,464,390)	(1,721,271)
Finance costs		-	-
Investment income	14	147,284	195,069
Loss before taxation		(3,317,106)	(1,526,202)
Income tax expense	15	-	-
Loss for the financial year		(3,317,106)	(1,526,202)
Attributable to equity holders of the Company		(3,317,106)	(1,526,202)
Earnings per share for loss attributable to the equity holders of the Company			
Basic loss per share	16	(12.40)	(6.09)
Diluted loss per share	16	(12.40)	(6.09)

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

The notes on pages 33 to 50 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March 2007

	Note	2007 £	2006 £
Net cash used by operating activities	17	(2,821,343)	(1,665,667)
Cash flows from investing activities			
Purchases of property, plant and equipment		(352,525)	(333,679)
Purchase of intangible assets		(15,971)	-
Disposal of property, plant and equipment		2,984	2,689
Interest received		147,284	195,069
Net cash used by investing activities		(218,228)	(135,921)
Cash flows from financing activities			
Proceeds from initial public offering net of share issue expenses		-	6,172,379
Proceeds from other issuance of ordinary shares		118,433	161,221
Net cash generated from financing activities		118,433	6,333,600
Net (decrease)/increase in cash, cash equivalents and overdrafts		(2,921,138)	4,532,012
Cash, cash equivalents and overdrafts at beginning of year		4,852,232	320,220
Cash and cash equivalents at end of year		1,931,094	4,852,232

The notes on pages 33 to 50 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share Capital	Share premium account	Merger reserve	Other reserve	Accumulated losses	Total
	£	£	£	£	£	£
At 1 April 2005	4,186,900	-	1,236,225	27,833	(5,228,962)	221,996
Loss for the financial year	-	-	-	-	(1,526,202)	(1,526,202)
Total income/(expense) recognized for 2006	-	-	-	-	(1,526,202)	(1,526,202)
Shares issued on IPO	1,044,776	5,955,224	-	-	-	7,000,000
Share issue costs deducted from equity	-	(786,121)	-	-	-	(786,121)
Exercise of share options	75,188	86,033	-	-	-	161,221
Share based payment charge	-	-	-	166,362	-	166,362
	1,119,964	5,255,136	-	166,362	(1,526,202)	5,015,260
At 31 March 2006	5,306,864	5,255,136	1,236,225	194,195	(6,755,164)	5,237,256
Loss for the financial year	-	-	-	-	(3,317,106)	(3,317,106)
Total income/(expense) recognized for 2007	-	-	-	-	(3,317,106)	(3,317,106)
Exercise of share options	62,684	55,749	-	-	-	118,433
Share-based payment charge	-	-	-	401,640	-	401,640
	62,684	55,749	-	401,640	(3,317,106)	(2,797,033)
At 31 March 2007	5,369,548	5,310,885	1,236,225	595,835	(10,072,270)	2,440,223

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 23. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The financial statements for the year ended 31 March 2007 (including the comparatives for the year ended 31 March 2006) were approved by the board of Directors on 20 June 2007.

2 Basis of preparation

Whilst not yet a requirement for AIM companies, the Group has chosen to prepare its Annual Report in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 1985.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, in respect of the transition from accounting principles generally accepted in the United Kingdom ("UK GAAP") to IFRS are provided in note 18.

The first time adoption of International Financial Reporting Standards in preparing the group financial statements for the year ended 31 March 2007 has had no material effect upon the results and financial position of the Group.

Interim results for the period to 30 September 2006, released on 18 October 2006, were prepared under UK GAAP. Had those results been prepared under International Financial Reporting Standards there would have been no material difference in results and financial position presented for that period.

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

The preparation of financial statements in accordance with 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 notes 3.19.

These financial statements are presented in pounds sterling (GBP) because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in notes 3.14.

First time adoption of IFRS

As permitted by IFRS 1, the following key exemptions have been taken in the transition to IFRS. Recognition and measurement requirements of IFRS 2 'Share Based Payments' have only been applied to equity instruments granted after 7 November 2002 that had not vested by 1 April 2005.

3 Principal accounting policies

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

3.1 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. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

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. Undertakings' results are adjusted, where appropriate, to conform to Group accounting policies.

3.2 Property, plant and equipment

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

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

3.3 Intangible assets

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

Domain names	33.3% straight line
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3.4 Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. 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.

3.5 Cash and cash equivalents

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

3.6 Trade receivables

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

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

3.7 Trade payables

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

Notes to the financial statements

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

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

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

3.9 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement net of any incentives received from the lessor on a straight line basis over the period of the lease.

3.10 Revenue recognition

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

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

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

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

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

3.11 Employee benefits

All accumulating employee-compensated absences that are unused at the balance sheet date are recognized as a liability.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

3.12 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 behavioural considerations.

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

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

Share-based payment transactions are shown separately in the consolidated income statement.

3.13 Operating loss

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

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 income statement for the period.

For consolidation purposes, the trading results and cash flows in foreign currencies, arising in foreign subsidiaries, are translated into sterling at average exchange rates for the period. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange prevailing at the balance sheet date. Exchange differences arising upon consolidation are taken directly to the cumulative foreign currency translation reserve. Such translation differences are recognized as income or expense in the period in which the operation is disposed of.

3.15 Segment reporting

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

3.16 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.

Notes to the financial statements

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

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

3.17 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 reorganization qualifies as a common control transaction.

Other reserve

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

3.18 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:

- An asset is created that can be identified (such as software and new processes).
- It is probable that the asset created will generate future economic benefits.
- The development cost of the asset 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.

3.19 Significant accounting estimates and judgements

Share options

Share options are granted on a discretionary basis and vest evenly over a three year period. The fair value of options granted is determined using the Black-Scholes valuation model, which requires a number of estimates and assumptions. The significant inputs into the model are share price at grant date, exercise price, expected option life, expected volatility and the risk free rate. Volatility is measured as the standard deviation of expected share price returns based on a statistical analysis of competitors' share prices.

Trade receivables

Trade debtors are stated net of a provision for bad and doubtful debts, based on the Group's best estimate of the likelihood of recovery on a specific basis.

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. The Group estimates what proportion of those outstanding share options are likely to be exercised and a related tax credit received in the future. The asset recognized is also dependent on the year end share price.

3.20 Future accounting developments

IFRS 7 ('Financial Instruments Disclosures') was issued by the IASB in August 2005 for application in accounting periods beginning on or after 1 January 2007 and have been adopted by the European Commission. The new or revised disclosures will be adopted by the Group for reporting in 2008.

The following International Financial Reporting Interpretations Committee (IFRIC) interpretations issued during 2005 and 2006 which first apply to accounting periods beginning on or after 1 January 2007 are not expected to result in any changes to the Group's accounting policies:

- IFRIC 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 – Scope of IFRS 2
- IFRIC 9 – Reassessment of Embedded Derivatives
- IFRIC 10 – Interim Financial Reporting and Impairment

Consideration will be given during 2007 to the implications, if any, of the following IFRIC interpretations issued during 2006 which would first apply to the Group accounting period beginning on 1 April 2007.

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Arrangements

IFRS 8 Operating Segments was issued in November 2006 and would first be required to be applied to the Group accounting period beginning on 1 April 2009. The standard replaces IAS 14 Segmental Reporting and requires amendments and additions to the existing segmental reporting disclosures.

Notes to the financial statements

4 Segment information

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

a. Primary reporting format – business segments

Year ended 31 March 2007

	Content access fees	Content provider fees	Services to mobile operators	Common	Total
	£	£	£	£	£
Segment revenue	8,859,633	1,536,564	32,115	-	10,428,312
Segment gross margin	1,173,123	1,260,671	32,115	-	2,465,909
Common costs				(5,528,659)	(5,528,659)
Share based payments				(401,640)	(401,640)
Operating loss					(3,464,390)
Investment income				147,284	147,284
Loss before taxation					(3,317,106)
Taxation					-
Loss for the financial year					(3,317,106)
Segment assets	1,634,008	451,409	20,115	2,770,589	4,876,121
Segment liabilities	1,691,685	-	7,000	737,213	2,435,898
Net assets	(57,677)	451,409	13,115	2,033,376	2,440,223
Capital expenditure	-	-	-	368,496	368,496
Depreciation and amortization	-	-	-	186,847	186,847

Content access fees are the amounts paid to Bango by end users for accessing chargeable content provided by content providers. Content provider fees are the amounts paid to Bango by content providers for package fees and other services. Revenue from services to Mobile Network Operators occur when Bango provides professional services to these organisations.

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

Common assets include property, plant and equipment, cash and overhead deposits and prepayments.

Common liabilities include overhead creditors and tax liabilities.

Notes to the financial statements

Year ended 31 March 2006

	Content access fees	Content provider fees	Services to mobile operators	Common	Total
	£	£	£	£	£
Segment revenue	6,470,383	1,002,619	59,875	-	7,532,877
Segment gross margin	1,315,125	816,300	59,875	-	2,191,300
Common costs				(3,746,209)	(3,746,209)
Share based payments				(166,362)	(166,362)
Operating loss					(1,721,271)
Investment income				195,069	195,069
Loss before taxation					(1,526,202)
Taxation					-
Loss for the financial year					(1,526,202)
Segment assets	1,557,428	444,282	50,743	5,421,105	7,473,558
Segment liabilities	1,331,102	408,030	-	497,170	2,236,302
Net assets	226,326	36,252	50,743	4,923,935	5,237,256
Capital expenditure	-	-	-	333,679	333,679
Depreciation and amortization	-	-	-	76,247	76,427

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

Common assets include property, plant and equipment, cash and overhead deposits and prepayments.

Common liabilities include overhead creditors and tax liabilities.

Notes to the financial statements

b. Secondary reporting format – geographical segments

Year ended 31 March 2007

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Common	Total
Segment revenue	8,472,721	741,241	934,623	279,727	-	10,428,312
Segment assets	1,650,893	186,676	199,854	68,109	2,770,589	4,876,121
Segments liabilities	1,448,469	84,085	131,648	34,483	737,213	2,435,898
Net assets	202,424	102,591	68,206	33,626	2,033,376	2,440,223
Capital expenditure					368,496	368,496
Depreciation and amortization					186,847	186,847

Year ended 31 March 2006

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Common	Total
Segment revenue	6,755,158	324,270	311,454	141,995	-	7,532,877
Segment assets	1,778,555	116,186	109,591	48,121	5,421,105	7,473,558
Segments liabilities	1,645,219	36,522	37,739	19,652	497,170	2,236,302
Net assets	133,336	79,664	71,852	28,469	4,923,935	5,237,256
Capital expenditure					333,679	333,679
Depreciation and amortization					76,247	76,247

Notes to the financial statements

Year ended 31 March 2007

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Year ended 31 March 2006				
Opening net book amount	4,136	9,343	75,054	88,533
Additions	124,312	31,634	146,769	302,715
Disposals at net book value	(1,329)	-	(1,360)	(2,689)
Depreciation charge for the year	(10,484)	(5,353)	(53,709)	(69,546)
Closing net book amount	116,635	35,624	166,754	319,013

Year ended 31 March 2007				
Opening net book amount	116,635	35,624	166,754	319,013
Additions	51,380	7,647	307,546	366,573
Disposals at net book value	-	-	(2,984)	(2,984)
Depreciation charge for the year	(31,355)	(9,236)	(135,561)	(176,152)
Closing net book amount	136,660	34,035	335,755	506,450

At 31 March 2007				
Cost	175,692	71,859	653,865	901,416
Accumulated depreciation	(39,032)	(37,824)	(318,110)	(394,966)
Net book amount	136,660	34,035	335,755	506,450

At 31 March 2006				
Cost	124,312	64,212	358,911	547,435
Accumulated depreciation	(7,677)	(28,588)	(192,157)	(228,422)
Net book amount	116,635	35,624	166,754	319,013

Notes to the financial statements

	Domain names	
	£	
5.2 Intangible assets		
Year ended 31 March 2006		
Closing net book amount		-
Additions		30,964
Amortization charge for the year		(6,881)
Closing net book amount		24,083
Year ended 31 March 2007		
Opening net book amount		24,083
Additions		1,923
Amortization charge for the year		(10,695)
Closing net book amount		15,311
At 31 March 2007		
Cost		32,887
Accumulated amortization		(17,576)
Net book amount		15,311
At 31 March 2006		
Cost		30,964
Accumulated amortization		(6,881)
Net book amount		24,083
6 Trade and other receivables	2007	2006
	£	£
Trade receivables	716,671	489,343
Other receivables	92,319	192,445
Prepayments and accrued income	1,614,276	1,585,670
	2,423,266	2,267,458

Trade and other receivables are due within one year and are non-interest bearing. A provision of £40,410 (2006: £50,000) has been made at the year-end for impairment of trade and other receivables. The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance.

The charge for the year for bad and doubtful debts is £173,802 (2006: £50,000).

There is no difference between book value and fair value.

Notes to the financial statements

7 Share capital

	2007	2006
	£	£
Authorised share capital:		
37,500,000 (2006: 37,500,000) ordinary shares of 20p each in Bango plc	7,500,000	7,500,000
Allotted, called up and fully paid:		
Ordinary shares of 20p each in Bango plc	No	£
As at 1 April 2005	20,934,495	4,186,900
Issue of shares on IPO	5,223,880	1,044,776
Exercise of share options	375,940	75,188

As at 31 March 2006	26,534,315	5,306,864
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Exercise of share options	313,424	62,684
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As at 31 March 2007	26,847,739	5,369,548
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During the year ended 31 March 2006 non employee options over 72,764 ordinary shares were exercised for consideration of 20 pence per share. These were issued in lieu of services for a fair value of £41,500.

Employee share options

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. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited if the employee leaves the Group before the options vest.

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

	Year ended 31 March 2007		Year ended 31 March 2006	
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 April	69	2,175,832	37	2,052,000
Granted	91	691,000	192	499,000
Lapsed	124	(96,770)	134	(71,992)
Exercised	36	(313,424)	35	(303,176)
Outstanding at 31 March	78	2,456,638	69	2,175,832
Exercisable at 31 March	59	1,452,627	40	1,237,561

Notes to the financial statements

Year ended 31 March 2007

The weighted average share price at date of exercise of options exercised during the year was 36 pence.

The fair value of options granted outstanding was determined using the Black-Scholes valuation model. Significant inputs into the model include a weighted average share price of 84 pence (2006: 92 pence) at the grant date, the exercise prices shown above, weighted average volatility of 81% (2006: 86%), dividend yield of nil, an expected option life of five years and an annual risk-free interest rate of 4.74% (2006: 4.64%).

The volatility of the Group's share price on each date of grant was calculated as the average of volatilities of share prices of companies in the Peer Group on the corresponding dates. The volatility of share price of each Company in the Peer Group was calculated as the average of standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2, 3, 4 and 5 years back from the date of grant. This method estimates volatility of the companies' share prices over a period commensurate with the option's expected life. Furthermore, this method is designed such that it gives proportionately more weight to recent historical returns, which are likely to reflect current volatility better due to the argument of volatility persistence.

At 31 March 2007, the Group had the following outstanding options and exercise prices:

		2007			2006		
		Average exercise price per share Pence	Options Number	Remaining contractual life Months	Average exercise price per share Pence	Options Number	Remaining contractual life Months
Expiry date							
28-Apr	2010	-	-	37	50.00	60,000	49
2-May	2010	50.00	60,000	37	50.00	60,000	49
19-May	2010	50.00	40,000	38	50.00	80,000	50
25-Aug	2010	88.00	6,000	41	88.00	26,000	53
31-Oct	2011	-	-	-	10.00	2,500	67
2-Apr	2012	31.00	66,000	60	31.00	93,000	72
2-May	2012	31.00	25,000	61	31.00	115,000	73
25-Aug	2012	31.00	72,000	65	31.00	92,000	77
24-Feb	2013	31.00	73,666	71	31.00	95,332	83
27-Aug	2013	29.00	63,000	77	29.00	71,750	89
27-Feb	2014	29.00	405,834	83	29.00	417,500	95
27-May	2014	31.00	40,000	86	31.00	40,000	98
27-Jul	2014	29.00	50,000	88	29.00	50,000	100
28-Aug	2014	50.00	74,670	89	50.00	96,000	101
18-Feb	2015	50.00	141,340	95	50.00	166,000	107
1-Mar	2015	50.00	230,000	95	50.00	230,000	107
22-Jun	2015	50.00	21,750	99	50.00	21,750	111
21-Sep	2015	202.00	221,669	102	202.00	251,000	114
1-Mar	2016	177.50	194,253	107	177.50	208,000	119
25-May	2016	140.00	210,000	110	-	-	-
9-Oct	2016	106.50	146,831	114	-	-	-
22-Mar	2017	50.00	76,250	120	-	-	-
23-Mar	2017	50.50	238,375	120	-	-	-
At 31 March			2,456,638			2,175,832	

Notes to the financial statements

8 Trade and other payables	2007	2006
	£	£
Trade payables	1,894,113	1,787,603
Social security and other taxes	180,858	150,988
Accruals and deferred income	360,927	286,939
	2,435,898	2,225,530

Trade and other payables are due within one year and are non-interest bearing. There is no difference between book value and fair value.

9 Commitments

The Group leases an office under a non-cancellable operating lease for which the future aggregate minimum lease payments are as follows:

	2007	2006
	£	£
No later than 1 year	141,246	141,246
Later than 1 but no later than 5 years	564,984	564,984
More than 5 years	229,525	370,771
	935,755	1,077,001

The lease expires on 14 November 2013. The next rent review is due on 18 November 2008.

10 Expenses by nature	2007	2006
	£	£
Employee benefit expense	3,742,421	2,109,106
Depreciation and amortization	186,847	76,427
Other expenses	9,963,434	7,068,615
	13,892,702	9,254,148

Analysed as:

Cost of sales	7,962,403	5,341,577
Administrative expenses	5,528,659	3,746,209
Share based payments	401,640	166,362
	13,892,702	9,254,148

Notes to the financial statements

11 Loss before taxation

Loss before taxation is stated after charging:	2007	2006
	£	£
Auditor's remuneration:		
Audit fees	32,256	36,500
Taxation services	15,365	43,065
Other services	5,485	3,165
Operating lease expenses:		
Land and buildings	140,583	108,582
Plant and equipment	1,427	1,110
Depreciation on property, plant and equipment	176,152	69,546
Amortization of intangible assets	10,695	6,881
Research and development costs	880,233	792,734
Net loss on foreign currency translation	15,666	5,032

12 Employee benefit expense

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

	2007	2006
	No	No
Administrative staff	5	4
Marketing staff	10	6
Sales staff	16	7
Technical staff	15	9
Executive Directors	3	3
Support staff	10	8
	59	37

The aggregate payroll costs of the above were:

	2007	2006
	£	£
Wages and salaries	3,031,583	1,745,137
Social security costs	274,908	176,307
Other pension costs	34,290	21,300
Share based remuneration	401,640	166,362
	3,742,421	2,109,106

Notes to the financial statements

The Directors have identified seven (2006: six) key management personnel, including Directors. Compensation to key management is set out below:

	2007	2006
	£	£
Wages and salaries	548,875	432,244
Social security costs	58,609	47,634
Share based compensation	140,421	54,995
	747,905	534,873

13 Directors

Remuneration in respect of Directors was as follows:

	2007	2006
	£	£
Emoluments	405,858	300,407

The highest paid Director received total emoluments of £144,300 (2006: £104,801)

During the year no share options were exercised by the Directors, and no pension contributions were made on their behalf.

14 Investment income

	2007	2006
	£	£
Bank interest receivable	147,284	195,069

15 Income tax expense

	2007	2006
	£	£
Current tax	-	-
Deferred tax	-	-
	-	-

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

Loss on ordinary activities before taxation	(3,317,106)	(1,526,202)
Loss on ordinary activities multiplied by standard rate of tax of 30% (2006: 30%)	(995,132)	(457,861)
Effect of:		
Expenses not deductible for tax purposes	134,016	70,778
Differences between capital allowances and depreciation	(8,291)	(3,573)
Unutilized tax losses	870,774	381,084
Other timing differences	(1,367)	9,572
Total tax	-	-

Notes to the financial statements

At 31 March 2007 the unutilised tax losses carried forward amounted to £9.4 million (2006: £6.1 million).

Unrecognized deferred tax assets:

	2007	2006
	£	£
Share option scheme	50,484	580,768
Tax losses	2,820,000	1,830,000
Other temporary differences	(2,897)	1,800
	2,867,587	2,412,568

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 of ordinary shares in issue during the year.

	2007	2006
	£	£
Loss attributable to equity holders of the Company	(3,317,106)	(1,526,202)

Weighted average number of ordinary shares in issue	26,746,721	25,041,299
Basic and diluted loss per share	(12.40)	(6.09)

(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 shares.

At 31 March 2007 options over 2,456,638 (2006: 2,175,832) ordinary shares were outstanding. Given the loss for the year these options are considered to be anti-dilutive. Such options could potentially dilute basic earnings per share in the future.

There were no actual or potential share transactions occurring after the balance sheet date that would have significantly changed the number of ordinary shares or potential ordinary shares outstanding at the end of the year if those transactions had occurred before the end of the reporting period.

Notes to the financial statements

17 Cash generated used by operations

	2007	2006
	£	£
Loss before taxation	(3,317,106)	(1,526,202)
Depreciation and amortization	186,847	76,427
Investment income	(147,284)	(195,069)
Share-based payment expense	401,640	166,362
Shares issued in lieu of services	-	41,500
Increase in receivables	(155,808)	(1,219,408)
Increase in payables	210,368	990,723
Net cash used by operations	(2,821,343)	(1,665,667)

18 First time adoption of IFRS

Key impact analysis

The analysis below sets out the most significant adjustments arising from the transition to IFRS.

1) IAS 1 Presentation of financial statements

The format of the Group's primary financial statements has been presented in accordance with IAS 1 "Presentation of Financial Statements"

2) IFRS 2 Share-based payment

IFRS 2, "Share based payment" requires that an expense for equity settled share based payments be recognized in the financial statements based on their fair value at the date of grant. This expense, which is in relation to employee share options granted under EMI and unapproved schemes, is recognized over the vesting period of the options.

IFRS 2 has been applied to all options granted after 7 November 2002 and not fully vested by 1 April 2005, the Group's date of transition to IFRS.

3) IAS 19 Employee benefits

Under IAS 19, all accumulating employee-compensated absences that are unused at the balance sheet date must be recognized as a liability. There is no similar requirement under UK GAAP. In addition, employee benefits which fall within the scope of IAS 19 have been recognized in the Group's balance sheet.

4) IAS 38 Intangible assets

Under IAS 38, domain names previously capitalised as property, plant and equipment are capitalised as intangible assets. Software directly associated with the operation of computer hardware continues to be classified under property, plant and equipment.

5) Consolidated cash flow statement

The adoption of International Financial Reporting Standards has had no material effect upon the presentation of the consolidated cash flow statement.

Notes to the financial statements

Reconciliation of equity as at 1 April 2005 (date of transition to IFRS)

	UK GAAP	Share-based payments	Employee benefits	Intangible assets	IFRS
	£	£	£	£	£
ASSETS					
Non-current assets					
Property, plant and equipment	88,533	-	-	-	88,533
Current assets					
Trade and other receivables	1,048,050	-	-	-	1,048,050
Cash and cash equivalents	320,220	-	-	-	320,220
Total assets	1,456,803	-	-	-	1,456,803
EQUITY					
Share capital	4,186,900	-	-	-	4,186,900
Merger reserve	1,236,225	-	-	-	1,236,225
Other reserves	-	27,833	-	-	27,833
Retained earnings	(5,177,893)	(27,833)	(23,236)	-	(5,228,962)
Total equity	245,232	-	(23,236)	-	221,996
LIABILITIES					
Current liabilities					
Trade and other payables	1,211,571	-	23,236	-	1,234,807
Total liabilities	1,211,571	-	23,236	-	1,234,807
Total equity and liabilities	1,456,803	-	-	-	1,456,803

Notes to the financial statements

Year ended 31 March 2007

Reconciliation of income statement for the year ended 31 March 2006

	UK GAAP	Share-based payment	Employee benefits	IFRS
	£	£	£	£
Revenue	7,532,877	-	-	7,532,877
Cost of sales	(5,341,577)	-	-	(5,341,577)
Gross profit	2,191,300	-	-	2,191,300
Administrative expenses	(3,719,266)		(26,943)	(3,746,209)
Share based payments	-	(166,362)	-	(166,362)
Operating loss	(1,527,966)	(166,362)	(26,943)	(1,721,271)
Finance costs	-	-	-	-
Investment income	195,069	-	-	195,069
Loss before taxation	(1,332,897)	(166,362)	(26,943)	(1,526,202)
Income tax expense	-	-	-	-
Loss for the financial year	(1,332,897)	(166,362)	(26,943)	(1,526,202)

Notes to the financial statements

Year ended 31 March 2007

Reconciliation of equity as at 31 March 2006

	UK GAAP £	Share-based payment £	Employee benefits £	Intangible assets £	IFRS £
ASSETS					
Non-current assets					
Property, plant and equipment	343,096	-	-	(24,083)	319,013
Intangible assets	-	-	-	24,083	24,083
	343,096	-	-	-	343,096
Current assets					
Trade and other receivables	2,267,458	-	-	-	2,267,458
Cash and cash equivalents	4,863,004	-	-	-	4,863,004
Total assets	7,473,558	-	-	-	7,473,558
EQUITY					
Share capital	5,306,864	-	-	-	5,306,864
Share premium account	5,255,136	-	-	-	5,255,136
Merger reserve	1,236,225	-	-	-	1,236,225
Other reserve	-	194,195	-	-	194,195
Retained losses	(6,510,790)	(194,195)	(50,180)	-	(6,755,165)
Total equity	5,287,435	-	(50,180)	-	5,237,255
LIABILITIES					
Current liabilities					
Trade and other payables	2,186,123	-	50,180	-	2,236,303
Total liabilities	2,186,123	-	50,180	-	2,236,303
Total equity and liabilities	7,473,558	-	-	-	7,473,558

Report of the independent auditor to the members of Bango PLC

We have audited the parent company financial statements of Bango PLC for the year ended 31 March 2007 which comprise the principal accounting policies, the balance sheet and notes 1 to 8. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Bango PLC for the year ended 31 March 2007.

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 auditors

The Directors' responsibilities for preparing the Directors' report and the parent company 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 parent company 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 parent company financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the parent company financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

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

Basis of audit 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 parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the 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 parent company 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 parent company financial statements.

Opinion

In our opinion:

- The parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its profit for the period then ended.
- The parent company financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Directors' report is consistent with the parent company financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants

Cambridge
6 July 2007

Company balance sheet

As at 31 March 2007

	Note	2007 £	2006 £
Fixed assets			
Investment in subsidiary	4	4,800,121	4,398,481
Current assets			
Debtors due within one year	5	6,293	73,250
Debtors due after one year	5	5,469,695	3,307,672
Cash at bank		1,060,315	3,000,000
		6,536,303	6,380,922
Creditors falling due within one year	6	55,887	56,037
Net current assets		6,480,416	6,324,885
Total assets less current liabilities		11,280,537	10,723,366
Capital and reserves			
Share capital	7	5,369,548	5,306,864
Share premium account	8	5,310,885	5,255,136
Other reserve	8	595,835	194,195
Retained earnings	8	4,269	(32,829)
Equity shareholders' funds		11,280,537	10,723,366

These financial statements were approved by the Directors on 20 June 2007 and are signed on their behalf by:

Mr R Anderson, Director
Mr P Saxton, Director

Notes to the Company financial statements

1 Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 1985. 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 year.

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). 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 equity 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 behavioural considerations.

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

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

Cash flow statement

The Company has made use of the exemption as permitted by FRS1 (Revised) and has not presented a cash flow statement. The cash flow statement has been prepared in the Group financial statements.

Related party transactions

In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the Company is exempt from disclosing transactions with 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 year

The Company has made full use of the exemptions as permitted by Section 230(1) of the Companies Act 1985 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent Company profit for the year ended 31 March 2007 of £37,098 is included in the Group loss for the financial year.

The auditors 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 24.

Details of Directors' remuneration are disclosed on page 45 of the Group accounts.

The average number of staff employed by the Company, including Directors, was five.

Notes to the Company financial statements

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 1 April 2006	4,398,481
Share based payments	401,640
Shares in subsidiary undertakings at 31 March 2007	4,800,121
Net book amount	
At 31 March 2007	4,800,121
At 31 March 2006	4,398,481

Details of subsidiary undertakings at 31 March 2007 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 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

5 Debtors

	2007	2006
	£	£
Amounts due from Group undertakings	5,469,695	3,307,672
Other debtors	6,293	73,250
	5,475,988	3,380,922

Notes to the Company financial statements

6 Creditors

	2007	2006
	£	£
Trade creditors	23,080	17,401
Accruals and deferred income	15,421	21,250
Amounts owed to Group undertakings	17,386	17,386
	55,887	56,037

7 Share capital

Authorised share capital:

	No	2007 £	No	2006 £
Ordinary shares of 20 pence each	37,500,000	7,500,000	37,500,000	7,500,000

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 1 April 2005	20,934,495	4,186,900
Issue of shares on IPO	5,223,880	1,044,776
Exercise of share options	375,940	75,188

As at 31 March 2006	26,534,315	5,306,864
Exercise of share options	313,424	62,684
As at 31 March 2007	26,847,739	5,369,548

Notes to the Company financial statements

8 Reserves

	Share premium account £	Other reserve £	Retained reserves £
At 1 April 2006	5,255,136	194,195	(32,829)
Exercise of share options	55,749	-	-
Share based payments	-	401,640	-
Profit for the year	-	-	37,098
At 31 March 2007	5,310,885	595,835	4,269

Annual General Meeting

The Annual General Meeting will be held at:

ICIS

10-15 Queen Street

London

EC1N 1TX

On Wednesday 8th August 2007 at 12pm

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