Annual Report 2008

Bango enables businesses, brands and individuals to be successful on the mobile web. They can get to a worldwide market quickly and easily, selling their mobile content, analyzing visitors to their mobile website and tracking the success of mobile marketing campaigns.

Payment, information and marketing services for mobile users traditionally required diverse and complex technical and commercial arrangements. Bango eliminates cost and speeds time to market, by bringing essential services together in a single easy to use platform.

Highlights

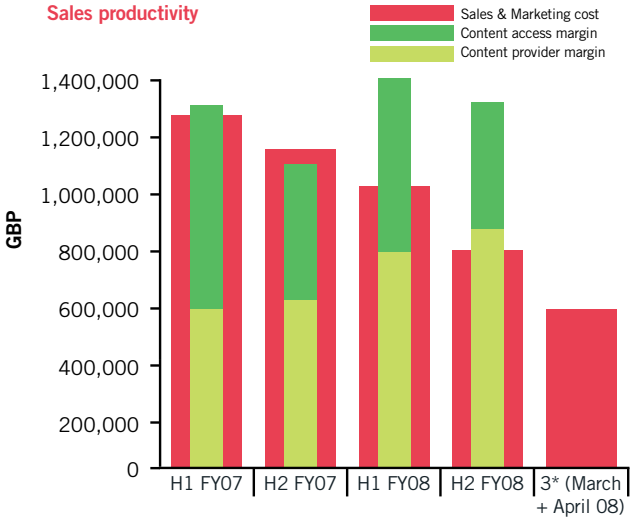
Financial highlights

- Revenues up 32% to £13.76m (£10.43m)
- Revenue growth in all territories, including UK up 26% and USA & Canada up 54%
- 22% of all revenues now from outside the UK, up from 18% last year
- 20% reduction in administrative expenses (excluding share based payments) to £4.41m (£5.53m)
- Loss before tax & share based payments cut to £1.58m (£2.92m)
- Cash balance of £1.13m as at 31 March 2008 (£1.82m at 31 September 2007)

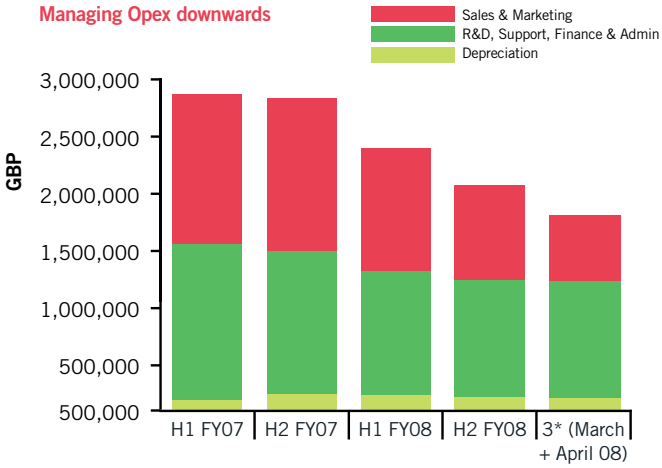
Operational highlights

- New products have increased overall gross profits and sales with reduced sales and marketing costs
- 9,336 Bango.com sign-ups for the year (1,616 last year) showing increasing interest in Bango services and expanding sales pipeline
- Launch of Bango Analytics mobile marketing product in February 2008
- Operating close to break-even and cash-flow neutral at year end

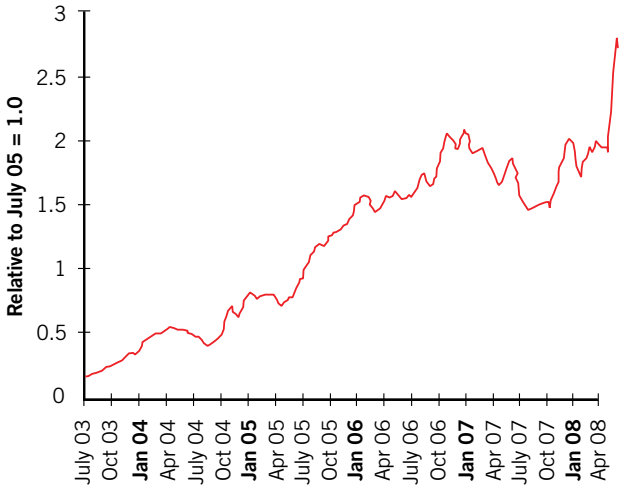
Sales productivity



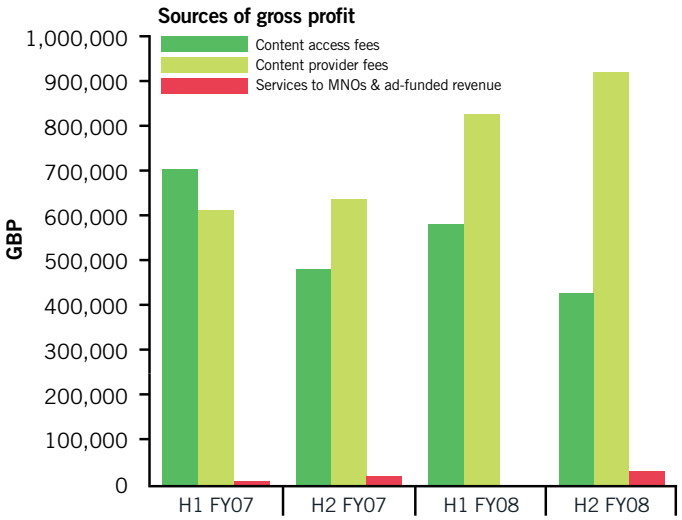
Managing Opex downwards



Daily end user activity



Gross profit mix improving



Chairman's statement

The Board is pleased to report good progress in the business.

A key focus for the year was to use Bango technology to introduce simpler, lower priced Bango services to improve sales and marketing efficiency. The results have been encouraging. Revenue grew 32% compared with the previous year to £13.76m. Margin earned on monthly fees grew 36.5%. Over the same period, these changes enabled us to reduce sales and marketing costs by approximately 50%.

We are now operating close to break-even on a monthly basis and with growing sales from a stable cost base and with a strong sales pipeline. We are introducing further products and services that can be sold using the existing sales and marketing organization.

Today's mobile phones include web browsers and internet connectivity as standard. Millions of people now browse for information and use search engines on their mobile phones. They view advertising and buy content from mobile websites. Those website owners want to sell services and content such as music, videos, games and alerts globally and incur the lowest possible cost of sale. Bango meets those requirements.

When users click to "buy", the transaction is routed by Bango and payment made via the user's mobile phone bill or alternate method. Bango makes this transaction straightforward because our software not only connects to the world's leading mobile network operators and other billing providers, but uniquely handles the necessary end user screen flows, currency conversions, taxes and regulatory requirements without extra complexity for the content provider.

Over 9,000 new content owners signed up to use the Bango system during the year, a more than fivefold increase in sign-up rate over the year. The value of the Bango Service is demonstrated by the fact that larger organizations such as Gameloft, WWE, EA Games, MTV and Paramount Studios are users of our service, alongside thousands of much smaller companies and even individuals.

Customers are staying with the Bango Service, moving from free trials and low end services through our portfolio of services as they expand their business and their needs change.

Transaction volumes are growing. Overall user-spend through Bango grew by 26%. Outside the UK, which is our longest established market, user payment activity grew faster at 59% year on year.

The traditional way to supply, market and monetize mobile content was through SMS and MMS. The move to an internet model brings benefits to the consumer in terms of usability and transparency, and to the content provider in terms of marketing opportunities. For this reason the mobile operators are now starting to actively push the migration from SMS to the mobile web. Bango stands to benefit from this move from SMS to the web due to our leading position in that market and the ease of moving to the mobile web with our product line.

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

CEO's statement

I am pleased to report that in the year ended March 2008 we made significant progress towards ensuring that Bango is financially self-sufficient and able to take full advantage of the growth in the mobile web. It has been a year of focusing our people and technology to become more efficient and operating where market demand is growing fastest, and on getting the business to profitability and cash-flow positive.

Improving sales productivity

In my last Annual Report I stated that we would strengthen our self-serve product proposition to enable us to drive down our customer acquisition costs and grow sales and margins without increasing expenditure.

The results have been encouraging. Compared to the previous financial year, we are pleased to report revenue growth of 32% to £13.76m. Margin earned on monthly fees grew 36.5%. Over the same period, our new product line-up enabled us to reduce sales and marketing costs by approximately 50%.

Product releases during the year included a range of simplified, lower cost products including Bango Payment World, Bango Advantage UK, Bango Payment UK/USA/España and the Bango Button. In particular, Bango Payment UK enabled businesses anywhere in the world to launch commercial Payforit services within minutes, for below £300 per month.

A new web sales team was established to drive customers through a "self-serve" sign-up at Bango.com, worldwide, at significantly lower cost than previous sales motions. Our regional teams in Germany, Spain, US and UK were replaced by a small worldwide corporate sales team selling to accounts anywhere in the world that have more complex requirements.

Bango's technology and the mobile web have global reach, but take-up rates and content provider activity vary by country – depending on the emergence rates of the mobile web in those countries. During the year, the emergence of mobile search and mobile advertising from Google, Yahoo! and others has increased the opportunities for cross-border marketing by content providers. This enabled us to centralize our marketing to these content providers and deliver a consistent message worldwide. Localized marketing in the UK, Spain and Germany was centralized into a multilingual team with one common message worldwide and a common sales motion irrespective of the location of the business.

Marketing investment shifted from "face to face" activity at events and seminars to web based marketing, webinars, referral programs, blogging and search engine optimization. These work worldwide and make us more easily contactable by anybody wanting to reach mobile phone users through the mobile web, where our technology, especially for identification, payment collection or analytics, is of value.

Growing transaction volumes

Content access fees grew 32% to £11.72m. As indicated in our interims, the margin earned on payment transactions is now around 9%, reflecting our desire to keep our transaction fees down to the 1-2% level for the largest content providers and our ability to charge up to 30% for very low volume customers.

Bango Analytics now also drives "paid for" transactions, generally paid for "per thousand", to align with the way website owners buy advertising that they measure with analytics. Bango Analytics transactions and sales started in the last six weeks of the year, but revenue contribution from these was not significant.

Driving towards profitability and cash generation

After a year of significant marketing and development investment last year, our plan for the year was to drive towards profitability and cash generation. As a result of our cost reductions and increasing sales, we reduced losses (at EBITDA level) down from a £240K/month average in the last financial year to £144K/month average in our first half and then to £93K/month average in the second half, with continued progress towards break-even during the final months of the half year.

While increasing sales will drive profitability, we believe there are still opportunities to improve our efficiency, to enable us to capitalize on market growth from a position of financial strength.

Bango currently has no borrowings and the Directors believe the Company has sufficient resources to meet its current financial needs. However, the Directors further believe that additional capital could be deployed to beneficial effect. For example, Bango has recently accelerated the timing of cash payments to some content providers, for a fee, to enable faster re-investment by them in search engine marketing with Google, Yahoo! or others. Consequently a number of initiatives are under active evaluation and further announcements will be made as appropriate.

Product development

In February 2008, we launched Bango Analytics, a new product that enables businesses of all sizes to get a better return from their investment in marketing and advertising campaigns on the mobile web. Our unique technology captures valuable data about mobile users responding to campaigns and presents it in an easy to use form to enable informed decision-making.

It is a widely held view within advertising agencies that the inability to measure the effectiveness of mobile marketing is holding back investment. Bango Analytics is the first product available to meet this need. We already have a number of case studies at www.bango.com.

Gartner (IT) forecasts the mobile advertising market to grow to £5.5 billion in global revenue in 2011, up from less than £500m a year in 2007. Tools such as Bango Analytics which can improve the return on this investment should be able to attract a significant part of this expenditure.

Being first to market, exploiting our 8 years of technology development and with an established initial customer base, and low costs of sale, Bango is well positioned to capitalize on this growth. We have packaged our unique technology for a new set of customers – those that use the mobile web for marketing or customer engagement rather than for selling digital content.

We continued development of our Payment products and the evolution of our integration and Management tools to improve usability and effectiveness. We also launched a number of product initiatives to reduce barriers to using the mobile web and Bango technologies, and to attract prospects to sign up at the www.bango.com website. These included WAP.com, Bango Button, Bango2Go, check.wap.com and Bango Optimized. The number of customers converting from free trials to paid for products has shown that this process is working.

System availability was excellent during the year – with less than two hours lost in total during the year (99.98% availability). 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 without significant capital expenditure.

During the year, third party action caused us to lose AT&T USA billing for 11 weeks and several weeks US credit card processing. These outages took considerable time and energy to rectify, but have resulted in better processes and relationships going forward.

Financial performance

Revenues grew 32% to £13.76m (£10.43m FY07) and gross profit grew 12% to £2.77m (£2.46m). Revenue from outside the UK grew by over 57% to £3.08m (£1.96m) and accounted for 22.4% (18.7%) of total revenue.

Content provider revenues, mostly recurring monthly fees, grew by 28% during the year to £1.97m (£1.5m). Margin on these revenues grew by 36.5% to £1.72m. (£1.26m FY07). Stable delivery costs mean that as content provider revenues grow, the gross margin improves.

Content access fees grew by 32% compared with FY07 and accounted for 85.2% (85.0%) of total revenue in the year at £11.72m (£8.86m), delivering £1.02m (£1.17m) of gross margin. The change in gross margin percentage from 13.2% in FY07 to 8.7% in FY08 was a result of Bango's decision, as reported in October 2007, to lower transaction fees for larger content provider customers.

Revenue and margin from services to mobile network operators remained at low levels and are not an important part of the business.

Sales of Bango Analytics products, launched 6 weeks from year end, did not make a significant contribution to revenue in the period under review.

Operating expenses (excluding share based payments) decreased by 20% to £4.4m (£5.5m) as a result of significant improvements in sales and marketing efficiencies.

The loss before tax was £1.83m (£1.57m before share based payments), improved by 45% compared with the loss of £3.32m (£2.92m before shared based payments) in FY07.

The cash outflow from operations was £0.87m (£2.82m) about £0.7m better than the loss before tax and share based payments, as a result of limited capital expenditure (£22k in the year) and stronger management of debtors and creditors.

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 favorable. With largely predictable and stable operational costs, our focus for the year to March 2009 is to increase the number of customers using our system with a stable cost base.

The market continues to develop broadly in the way we envisage. The predictions made in last year's Annual Report have almost all proved accurate, with Bango starting to see the anticipated benefits. A year ago, the mobile web was seen by many as a novelty. Today it is seen as an important and growing driver of consumer usage of mobile devices.

Work with Google during 2007 led to new contracts with large content providers and some of these have now started to generate early revenues.

Our new Bango Analytics product, released in February 2008, is first to market and is receiving excellent reviews. While there was little contribution from this product in FYE March 2008, we do expect sales from this product in the coming year, through our existing sales and marketing organization.

Our goal is now to deliver sustained profitability and positive cash-flow. The significantly reduced cost of customer acquisition achieved this year, before the market has entered a fast growth phase, should 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

Case studies

Tapatap

Tapatap, a mobile social game site, uses Bango to track mobile ad campaigns and refine advertising to target the countries, networks and handsets which yield the best conversion rates. Users interact through photo quizzes, photo polls and face-off ratings, uploading their own pictures to join in the fun.

By looking at the Bango Analytics data, Tapatap is able to calculate mobile ad conversion rates and acquisition costs per member. The impressive conversion rates have confirmed Tapatap's strategy of focusing their marketing on mobile.

"We are finding Bango Analytics to be a very useful tool as we grow our business. We are using Bango Analytics for a wide range of tasks – one is to audit the traffic we are getting from the various traffic networks we use. We aggregate traffic from a wide variety of sources and wanted an independent means to ensure that the traffic we receive is what we are paying for. Bango Analytics has proven to be very valuable as an independent auditing tool."
Andy Riedel, CEO of Tapatap

The Sun

News International, publishers of The Sun newspaper, uses Bango to gain a direct, interactive relationship with its readers on the mobile web. With Bango, readers from around the globe are able to access and pay for Sun branded content and news directly from their mobile. The Sun promotes its mobile website to over 9 million Sun newspaper readers and 3 million people who access The Sun Online website using the Bango promotional tools.

"The Sun and News of the World continue to have a strong presence across all publishing platforms which gives us direct and interactive engagement with our customers. With Bango's help our mobile platform has created a new and fast growing revenue stream. News Group recognizes the importance of extending its brands into the wireless market and is embracing the growth in mobile internet access and customer transactions, whilst expanding audience reach"
Andrew Bagguley, Head of Mobile Strategy at News Group Digital, News Group Newspapers Ltd

AdEye

AdEye Mobile, a mobile media house that uses Bluetooth technology to target mobile ads, games and other content directly at consumers, uses Bango to accurately measure the success of billboard advertising campaigns.

AdEye ran a campaign on behalf of Sony Ericsson to analyze who was most receptive to the promotion. Bango enabled them to understand the user profile of those most responsive to this medium and ensure further marketing was geared towards consumer demographic.

"We want to understand more about who was clicking through – what network were they on, what device did they use, how they responded to the offer, what they did next? Bango Analytics gives us this level of detail which is really invaluable to our clients."
Tommy Jensen, CEO of AdEye

Autoglass

Autoglass, the UK's leading vehicle glass repair and replacement company, developed a mobile site to make it easier for people to get a replacement windscreen. Chances are when a windscreen smashes the one thing people have to hand is their mobile phone.

"Understanding how our mobile site, autoglass.mobi, is performing and knowing the number of unique visitors using Bango Analytics is very important as we develop our mobile strategy. We use the campaign tracking feature in Bango Analytics to assess the value of different search marketing campaigns compared to say ads on www.autotrader.co.uk and assessing which converted the best."
Chris Smith, Online Marketing Manager at Autoglass

Perform/Animation FC

Perform/Animation FC integrated with Bango to offer over 70 UK league soccer clubs including Tottenham Hotspur FC, West Ham United FC, Aston Villa FC, Leeds United FC, Manchester City FC and Sunderland FC a mobile web presence worldwide.

Animation FC produced the tailor made content for each club including animated wallpapers which are sold through the clubs Perform hosted mobile site and website. By using Bango's Web Trigger and unique global payment system fans from around the world can access content and pay via one seamless and transparent experience, which includes compliance to the Payforit billing standard in the UK. Fans can also pay for content using debit/credit card and PayPal.

"Soccer clubs are keen to engage directly with their fans no matter where in the world they are. By providing a bespoke solution for each club with Bango's technology powering the sites, we are giving the clubs an easy on-ramp to the mobile web. Now users can directly experience their favourite club and buy fun and exciting content on their mobile phones over the internet."
Gavin Skelhorn, Director of Animation FC

Macmillan Publishing Solutions (MPS)

Bango powers the revolutionary service from Macmillan Publishing Solutions (MPS) aimed at turning the mobile phone into a personal "on the go" library. Bango's billing and digital fingerprint technologies enabled MPS to create the Global Reader – a service that gives consumers with mobile phones access to books, articles, newspapers and other print content easily and inexpensively.

Bango's ability to uniquely identify each mobile phone users allows publishers to track individual customers and provide innovative features such as a user's library, which lists all the "books" purchased. The new service also has a built in "bookmark" feature so readers can hold a spot in the book they are reading.

"We never envisioned people would want to read War and Peace on their phones. What we responded to was the idea that millions of people have mobile phones in their pockets."
Bob Kasher, one of the developers and originators of The Global Reader at MPS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ANIMATION
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Your Contest Community
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THE
Sun

Products

Businesses worldwide depend on Bango to power their mobile web products and services.

Bango products enable content providers to deliver on two critical areas of their mobile business: identifying and tracking people as they browse and interact with mobile websites and marketing campaigns (Bango Analytics); and charging for content so that it can be purchased worldwide by customers from their mobile phone (Bango Payment).

Bango Analytics

As more mainstream web brands deliver a mobile presence, the demand for information on visitors and the ability to place a value on the marketing campaigns these brands run becomes "mission critical". A number of these mobile websites will also generate revenue by charging third parties for advertising on their sites. For them, accurately tracking visitor numbers is fundamental to valuing their advertising inventory. For all of these needs Bango Analytics is a vital tool.

Bango Payment

Content providers sell digital content to mobile users, letting them easily pay on their phone bills, or by using a payment card or their PayPal account. For these businesses, Bango Payment provides a single solution that gives them global access to the widest possible customer base and the widest set of payment methods. When Bango collects payments, Bango BillRank™ technology determines the best billing options available to that user based on mobile operator, device data and user history. It presents the best option on the payment screen most likely to generate a successful payment using the appropriate billing provider for that transaction.

Self-service with worldwide reach

Anybody can benefit from Bango by visiting www.bango.com and choosing the services they require. Customers integrate with or connect to any Bango service, manage marketing information, configure pricing, access promotional tools and access detailed reports about their visitors, customers and revenues. This can all be accomplished from the bango.com website or through a range of web services.

Bango products are easy to understand and quick to implement. They encourage comprehensive integration and deliver an easy upgrade path for growing businesses.

Business model

Bango charges for its services through a mixture of transaction fees and monthly fees. Where Bango collects payments through its billing partners, part of each payment transaction is retained by Bango. Less than 2% is retained for high volume customers, as much as 30% is retained at low volume levels. Depending on the range and flexibility of services required, typical monthly fees start at $499 per month.

With Bango Analytics, a monthly fee is paid depending on the traffic volumes being analyzed. Typical monthly fees start at $49 per month.

A range of Bango services are available without charge for testing or small scale users use. Some functionality is only available to paying customers. Most services are purchased on recurring monthly basis, but annual contracts are available for some service offerings.

Key market developments

2007 and early 2008 saw, as anticipated, some major developments that helped drive forward the deployment of the mobile web.

- Apple launched the iPhone – championing the idea of browsing the web on a mobile device
- Google launched "Android" – to cut the cost of mobile devices and make them more "open"
- Nokia re-launched as an internet company
- Mobile operators launched consumer marketing for the mobile internet
- Vodafone started providing free "unlimited" mobile web access from phones
- UK mobile operators started mandating mobile web payment (Payforit) instead of Premium SMS

Analytics Center

Site Summary | Videos Mobile Site

June 27 2008 - July 14 2008 Change

View by: Today | Day | Week | Month

Data cached for 1 minute(s)

Visitors summary - Visits

Graph by: Visits | Unique visitors

10,249 Unique visitors

32,887 Visits

3.21 Visits / visitor

Wed, Jun 27 Best performing

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Revenue summary

£11,092.51 Earnings

60.14% Conv. rate

Content title	Premium Visits	Earnings	Conv. Rate
Video 5thw 54765	9,814	£3,596.63	65.12%
Video 975gf 975632187	3,930	£1,769.05	70.66%
Video AQ32 64235987	1,647	£1,505.06	50.76%

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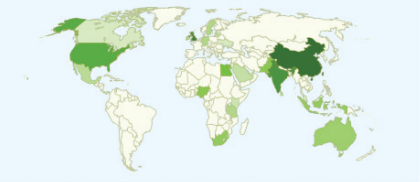
Countries



28 Countries

United States	11,444	35,12%	
United Kingdom	9,809	30%	
Spain	4,904	15%	
India	1,307	4%	
China	653	2%	

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Operators

42 Operators

Sprint USA	4,251	13,23%	
Boost USA	7,193	22,34%	
O2 UK	3,987	12.19%	
Vodafone UK	5,014	15,33%	
Vodafone Spain	3,785	11,58%	

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Devices

373 Devices

SonyEricsson K750i	1,815	5.52%	
SonyEricsson K800i	1,683	5.12%	
Nokia 6230i	1,233	3.75%	
SonyEricsson W810i	1,214	3.69%	
Samsung D900	1,033	3.14%	

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Pages (Page tracking)

184 Visits

Content title	Visits		
Homepage V2 54217622453	90	48.91%	
Download page v87j 111154863252	39	21,20%	
Download page v412 215364789658669	27	14,67%	
Join community page 114442225423	17	9,24%	
Send to a friend page 7777754475239	11	5,98%	

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Campaigns (Tracking links)

81 Visits

Content title	Visits		
Video 45t google 54217622453	30	37,04%	
Video 500 medio 56663325871	27	33,33%	
Video RTY admob 3232551658566554	7	8,64%	
Video 9003 jumptap 265985654123	7	8,64%	
Video 5666GE yahoo 1112365558741	5	6,17%	

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Text message campaigns (Txt Triggers)

15,184 Txt Triggers

Title	Txt Triggers
Video 34 2355257	6,145
Video 653 326111	4,125
Video cont 98 3223115	240
Video 129 111254	223
Video 19LPJ 12256454	216

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Website campaigns (Web Triggers)

128 Web Triggers

108 Claims

Title	Web Trigger claims
Video XML	38
Video Morning	10
Trial V51	4
4005LKP	2
Video blog	1

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Directors

Ray Anderson
CEO

Ray has 25 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 & Alliances

Anil is a highly experienced, senior marketing and business development manager, with over 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 worldwide 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 Bury is Chairman of Electric and General Investment Trust plc and ServicePower Technologies plc. He has in recent years been a Non-executive Director of The Sage Group plc, chairman of South Staffordshire Group and a number of other listed as well as private software and technology companies.

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.

Company information

Company registration number	05386079
Registered office	5 Westbrook Centre Milton Road Cambridge CB4 1YG Tel: +44 (0)8700 340 360 Fax: +44 (0)1223 472 778
Directors	Mr L C N Bury – Non-executive Chairman Mr R Anderson - CEO Mr A Malhotra - SVP Marketing & Alliances Mr P Saxton - CFO Mr M Rigby – Non-executive Director
Company Secretary	Mr H Goldstein
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 Chartered Accountants and Registered Auditors Byron House Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Nominated adviser and broker	Panmure Gordon (UK) Limited 155 Moorgate London EC2M 6XB
Public relations advisor	ICIS 10 - 15 Queen Street London EC4N 1TX
US office	330 Madison Avenue 6th Floor New York, NY 10017 Tel: +1 866 528 6897 Fax: +1 646 349 3023

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Directors' report

The Directors present the Annual Report and audited financial statements of Bango PLC for the year ended 31 March 2008.

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.

A review of the Group's performance for the year ended 31 March 2008 and future developments is contained in the Chairman's statement and the CEO's statement.

Key performance indicators

The Group made a loss of £1,835,309 (£1,577,249 before share based payment costs) for the year ended 31 March 2008 (2007: loss of £3,317,106, £2,915,466 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 2008	Ordinary shares of 20p each At 31 March 2007
Mr R Anderson	**5,947,260**	5,947,260
Mr A Malhotra	**4,007,000**	4,007,000
Mr P Saxton	**200,000**	74,626
Mr L C N Bury	**700,000**	700,000
Mr M Rigby	**21,999**	21,999
Mr G S Seabrook (resigned 8 August 2007)	**44,000**	44,000

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 2008**	At 31 March 2007
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**	50,000
Granted 22 March 2007	**£0.505**	**76,250**	76,250
Granted 31 January 2008	**£0.230**	**91,250**	-
Total		**467,500**	376,250

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 2008, the Group had an average of 68 days (2007: 77 days) creditors outstanding in trade payables, accruals and deferred income.

Donations

The Group made charitable donations during the year of £670 (2007: £1,200). 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.

Directors' indemnity arrangements

The Company has purchased and maintained throughout the year Directors' & Officers' liability insurance in respect of itself and its Directors.

Financial risk management objectives and policies

The Group's activities expose it to some financial risks. The Group monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks. See notes 6, 8 and 18 for further information.

Liquidity risk

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

Credit risk

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

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' report

Directors' responsibility

The following statement, which should be read in conjunction with both reports of the auditor set out on pages 16 and 39, 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 and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and separate parent company financial statements under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State that the Group financial statements comply with IFRSs as adopted by the European Union and that the parent financial statements are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 organizational structure with appropriate delegation of authority.
- The approval by the Board of a one year budget, including monthly income statements, balance sheets and cash flow statements. The budget is prepared in conjunction with senior managers to ensure targets are feasible.
- The business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the latest forecast and market expectations and presented to the Board on a timely basis.
- Regular reviews by the Board and by the senior management team of key performance indicators.
- A limited number of senior management are able to sign cheques and authorize payments. Payments are not permitted without an approved invoice.
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team.
- A disaster recovery plan and back-up system is documented and in place.

The Board in conjunction with the Audit Committee keeps under review the Group's internal control system on a periodic basis.

Communications with shareholders

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

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

Going concern

After making enquiries, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. 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 Group's Executive Directors.
- To review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share option schemes.
- To be responsible for reporting to the Group's shareholders in relation to remuneration policies applicable to the Group's Executive Directors.

The Committee may invite the 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 incentivizing and retaining high quality people. Directors and employees are eligible to participate in the scheme. Further details of the option plan and outstanding options as at 31 March 2008 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.

Directors' emoluments

Remuneration in respect of the Directors was as follows:

	2008 £'000	2007 £'000
Aggregate emoluments	314,258	405,858
Aggregate emoluments of highest paid Director	100,500	144,300

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 2008 which comprise the principal accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes 1 to 22. 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 2008.

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. 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 statement that is cross-referenced 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 Chairman's statement, the CEO's statement, 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 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 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 2008 and of its loss for the year then ended.
- The Group financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Directors' report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants

Cambridge
1 August 2008

Consolidated balance sheet

	Note	2008 £	2007 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	318,356	506,450
Intangible assets	5	4,350	15,311
		322,706	521,761
Current assets			
Trade and other receivables	6	2,506,700	2,423,266
Cash and cash equivalents		1,126,033	1,931,094
		3,632,733	4,354,360
Total assets		3,955,439	4,876,121
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	5,383,282	5,369,548
Share premium account		5,320,067	5,310,885
Merger reserve		1,236,225	1,236,225
Other reserve		853,895	595,835
Accumulated losses		(11,907,579)	(10,072,270)
Total equity		885,890	2,440,223
LIABILITIES			
Current liabilities			
Trade and other payables	8	3,069,549	2,435,898
Total liabilities		3,069,549	2,435,898
Total equity and liabilities		3,955,439	4,876,121

These financial statements were approved by the Directors on 31 July 2008 and are signed on their behalf by:

Mr R Anderson
Director

Mr P Saxton
Director

The notes on pages 21 to 38 are an integral part of these consolidated financial statements.

Consolidated income statement

	Note	2008 £	2007 £
Revenue	4	**13,758,468**	10,428,312
Cost of sales		**(10,993,053)**	(7,962,403)
Gross profit		**2,765,415**	2,465,909
Administrative expenses		**(4,409,832)**	(5,528,659)
Share based payments		**(258,060)**	(401,640)
Operating loss	4	**(1,902,477)**	(3,464,390)
Finance costs		**-**	-
Investment income	14	**67,168**	147,284
Loss before taxation		**(1,835,309)**	(3,317,106)
Income tax expense	15	**-**	-
Loss for the financial year		**(1,835,309)**	(3,317,106)
Attributable to equity holders of the Company		**(1,835,309)**	(3,317,106)
Loss per share for loss attributable to the equity holders of the Company			
Basic loss per share	16	**(6.82)**	(12.40)
Diluted loss per share	16	**(6.82)**	(12.40)

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

Consolidated cash flow statement

	Note	2008 £	2007 £
Net cash used by operating activities	17	**(873,341)**	(2,821,343)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(21,804)**	(352,525)
Purchase of intangible assets		**-**	(15,971)
Disposal of property, plant and equipment		**-**	2,984
Interest received		**67,168**	147,284
Net cash used by investing activities		**45,364**	(218,228)
Cash flows from financing activities			
Proceeds from other issuance of ordinary shares		**22,916**	118,433
Net cash generated from financing activities		**22,916**	118,433
Net (decrease)/increase in cash and cash equivalents		**(805,061)**	(2,921,138)
Cash and cash equivalents at beginning of year		**1,931,094**	4,852,232
Cash and cash equivalents at end of year		**1,126,033**	1,931,094

The notes on pages 21 to 38 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Accumulated losses £	Total £
At 1 April 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 2006/7	-	-	-	-	**(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**
Loss for the financial year	-	-	-	-	(1,835,309)	(1,835,309)
Total income/(expense) recognized for 2007/8	-	-	-	-	**(1,835,309)**	**(1,835,309)**
Exercise of share options	13,734	9,182	-	-	-	22,916
Share-based payment charge	-	-	-	258,060	-	258,060
	13,734	9,182	-	258,060	(1,835,309)	(1,554,333)
At 31 March 2008	**5,383,282**	**5,320,067**	**1,236,225**	**853,895**	**(11,907,579)**	**885,890**

The notes on pages 21 to 38 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

Bango PLC ("the Company") was incorporated on 8 March 2005 in the United Kingdom. The Company is domiciled in the United Kingdom. The address of the registered office of the Company, which is also its principal place of business, is given on page 11. 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 2008 (including the comparatives for the year ended 31 March 2007) were approved by the Board of Directors on 31 July 2008.

2 Basis of preparation

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

The Group has prepared its Annual Report in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 1985. 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 3.18.

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.

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.

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

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

3.3 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

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 Loans and receivables

a) Cash and cash equivalents

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

b) 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.

3.6 Trade payables

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

3.7 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.

Notes to the financial statements

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

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

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

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

3.8 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.

3.9 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.

3.10 Employee benefits

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

Payments to defined contribution retirement benefit schemes are charged as an expense in the period to which they relate.

3.11 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.

3.12 Operating loss

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

3.13 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.

Notes to the financial statements

3.14 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.

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

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

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

3.16 Share capital and reserves

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

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

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

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

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

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

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

3.18 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.

3.19 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 has been adopted by the European Commission. The new or revised disclosures have been adopted by the Group for reporting in 2008. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. The first-time adoption of IFRS 7 has not resulted in any prior period adjustment of cash flows, net income or balance sheet line items.

Notes to the financial statements

3.20 Standards and interpretations not yet applied by the Group

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

- IAS 1 Presentation of Financial Statements (revised 2007) - effective from 1 January 2009
- IAS 23 Borrowing Costs (revised 2007) - effective from 1 January 2009
- IAS 27 Consolidated and Separate Financial Statements (revised 2008) - effective from 1 July 2009
- IFRS 3 Business Combinations (revised 2008) - effective from 1 July 2009
- IFRS 8 Operating Segments - effective from 1 January 2009
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statement – Puttable Financial Instruments and Obligations Arising on Liquidation - effective from 1 January 2009
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations - effective from January 2009
- IFRIC 12 Service Concession Arrangements - effective from 1 January 2008
- IFRIC 13 Customer Loyalty Programmes - effective from 1 July 2008
- IFRIC 14 The limit of a Defined benefit asset

Based on the Group's current operations and accounting policies, management does not expect material impacts on the Group's financial statements when the standards and interpretations become effective, other than for IAS 1 the Statement of Changes in Equity will be replaced by a Statement of Comprehensive Income.

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 2008

	Content access fees	Content provider fees	Services to mobile network operators	Common	Total
	£	£	£	£	£
Segment revenue	11,723,253	1,968,116	67,099	-	13,758,468
Segment gross margin	1,016,203	1,721,382	27,830	-	2,765,415
Common costs	-	-	-	(4,409,832)	(4,409,832)
Share based payments	-	-	-	(258,060)	(258,060)
Operating loss	-	-	-	-	(1,902,477)
Investment income	-	-	-	67,168	67,168
Loss before taxation	-	-	-	-	(1,835,309)
Taxation	-	-	-	-	-
Loss for the financial year	-	-	-	-	(1,835,309)
Segment assets	1,697,027	431,318	-	1,827,094	3,955,439
Segment liabilities	2,361,962	-	-	707,587	3,069,549
Net assets	**(664,935)**	**431,318**	**-**	**1,119,507**	**885,890**
Capital expenditure	-	-	-	21,804	21,804
Depreciation & amortization	-	-	-	220,859	220,859

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 organizations.

Common costs include all costs associated with staff, property and 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 2007

	Content access fees £	Content provider fees £	Services to mobile network 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 & amortization	-	-	-	186,847	186,847

Common costs include all costs associated with staff, property and 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 2008

	United Kingdom	Rest of EU	USA & Canada	Rest of World	Common	Total
Segment revenue	10,680,360	1,254,900	1,441,360	381,848	-	13,758,468
Segment assets	1,820,475	198,264	105,482	29,400	1,801,818	3,955,439
Segments liabilities	2,165,605	218,451	258,578	66,561	360,354	3,069,549
Net assets	**(345,130)**	**(20,187)**	**(153,096)**	**(37,161)**	**1,441,464**	**885,890**
Capital expenditure	-	-	-	-	21,804	21,804
Depreciation & amortization	-	-	-	-	220,859	220,859

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 & amortization	-	-	-	-	186,847	186,847

Segment revenue is based on the location of the customers and assets are based on the location of the assets.

Notes to the financial statements

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
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**
Year ended 31 March 2008				
Opening net book amount	136,660	34,035	335,755	506,450
Additions	987	-	20,817	21,804
Depreciation charge for the year	(35,335)	(9,482)	(165,081)	(209,898)
Closing net book amount	**102,312**	**24,553**	**191,491**	**318,356**
At 31 March 2008				
Cost	176,679	71,859	674,682	923,220
Accumulated depreciation	(74,367)	(47,306)	(483,191)	(604,864)
Net book amount	**102,312**	**24,553**	**191,491**	**318,356**
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**

Notes to the financial statements

5.2 Intangible assets

	Domain names £
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**
Year ended 31 March 2008	
Opening net book amount	15,311
Additions	-
Amortization charge for the year	(10,961)
Closing net book amount	**4,350**
At 31 March 2008	
Cost	32,887
Accumulated amortization	(28,537)
Net book amount	**4,350**
At 31 March 2007	
Cost	32,887
Accumulated amortization	(17,576)
Net book amount	**15,311**

6 Trade and other receivables

	2008 £	2007 £
Trade receivables	**1,131,535**	757,081
Other receivables	**61,880**	92,319
Prepayments and accrued income	**1,363,285**	1,614,276
Total	**2,556,700**	2,463,676
Impairment of trade and other receivables	**(50,000)**	(40,410)
	2,506,700	2,423,266

At the 31 March 2008, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	2008 £	2007 £
Not more than one month	**71,712**	76,988
One to two months	**27,287**	42,232
Three to twelve months	**79,495**	8,939
More than twelve months	**77,176**	107,849
	255,670	236,008

Notes to the financial statements

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables as the amounts recognized resemble a large number of receivables from various customers.

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

A reconciliation of bad debt provisions is provided below:

	2008 £	2007 £
Brought forward provision	40,410	53,668
Debts written off in the year	(64,802)	(187,060)
Increase in provision	74,392	173,802
Carry forward provision	50,000	40,410

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

7 Share capital

Authorised share capital:

	2008 £	2007 £
37,500,000 (2007: 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 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
Exercise of share options	68,670	13,734
As at 31 March 2008	26,916,409	5,383,282

Notes to the financial statements

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 2008		Year ended 31 March 2007	
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 April 2007	78	2,456,638	69	2,175,832
Granted	31	555,540	91	691,000
Lapsed	90	(215,882)	124	(96,770)
Exercised	33	(68,670)	36	(313,424)
Expired	-	-	-	-
Outstanding at 31 March 2008	68	2,727,626	78	2,456,638
Exercisable at 31 March 2008	70	1,800,057	59	1,452,627

The weighted average share price at date of exercise of options exercised during the year was 33 pence (2007: 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 (2007: 84 pence) at the grant date, the exercise prices shown above, weighted average volatility of 71% (2007: 81%), dividend yield of nil, an expected option life of five years and an annual risk-free interest rate of 4.69% (2007: 4.74%).

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.

Notes to the financial statements

At 31 March 2008, the Group had the following outstanding options and exercise prices:

		2008			2007		
		Average exercise price per share	Options	Remaining contractual life	Average exercise price per share	Options	Remaining contractual life
Expiry date		Pence	Number	Months	Pence	Number	Months
2 May	2010	50.00	60,000	25	50.00	60,000	37
19 May	2010	50.00	40,000	26	50.00	40,000	38
25 August	2010	-	-	-	88.00	6,000	41
2 April	2012	31.00	66,000	48	31.00	66,000	60
2 May	2012	31.00	25,000	49	31.00	25,000	61
25 August	2012	31.00	52,000	53	31.00	72,000	65
24 February	2013	31.00	66,000	59	31.00	73,666	71
27 August	2013	29.00	52,000	65	29.00	63,000	77
27 February	2014	29.00	361,500	71	29.00	405,834	83
27 May	2014	31.00	40,000	74	31.00	40,000	86
27 July	2014	29.00	40,000	76	29.00	50,000	88
28 August	2014	50.00	58,668	77	50.00	74,670	89
18 February	2015	50.00	114,000	83	50.00	141,340	95
1 March	2015	50.00	230,000	83	50.00	230,000	95
22 June	2015	50.00	24,500	87	50.00	21,750	99
21 September	2015	202.00	194,250	90	202.00	221,669	102
1 March	2016	177.50	159,335	95	177.50	194,253	107
25 May	2016	140.00	210,000	98	140.00	210,000	110
9 October	2016	106.50	119,466	102	106.50	146,831	114
22 March	2017	50.00	76,250	108	50.00	76,250	120
23 March	2017	50.50	205,715	108	50.50	238,375	120
9 July	2017	47.00	12,000	111			
19 September	2017	41.00	216,400	114			
31 January	2017	23.00	304,542	118			
At 31 March			2,727,626			2,456,638	

8 Trade and other payables

	2008 £	2007 £
Trade payables	2,577,273	1,894,113
Social security and other taxes	194,600	180,858
Accruals and deferred income	297,676	360,927
	3,069,549	2,435,898

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

Notes to the financial statements

9 Commitments

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

	2008 £	2007 £
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	88,279	229,525
	794,509	935,755

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

10 Expenses by nature

	2008 £	2007 £
Employee benefit expense	2,940,194	3,742,421
Depreciation	220,859	186,847
Other expenses	12,499,892	9,963,434
	15,660,945	13,892,702
Analysed as:		
Cost of sales	10,993,053	7,962,403
Administrative expenses	4,409,832	5,528,659
Share based payments	258,060	401,640
	15,660,945	13,892,702

11 Loss before taxation

Loss before taxation is stated after charging:

	2008 £	2007 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	5,000	5,000
Audit of the financial statements of the Company's subsidiaries	27,750	26,650
Other services relating to tax	3,500	3,400
Other services	-	8,000
Operating lease expenses:		
Land and buildings	141,246	140,583
Plant and equipment	3,639	1,427
Depreciation on property, plant and equipment	209,898	176,152
Amortization of intangible assets (included in administrative expenses)	10,961	10,695
Research and development costs	830,799	880,233

Notes to the financial statements

12 Employee benefit expense

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

	2008 No	2007 No
Administrative staff	4	5
Marketing staff	8	10
Sales staff	11	16
Technical staff	13	15
Executive Directors	3	3
Support staff	10	10
	49	59

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	2,403,089	3,031,583
Social security costs	237,042	274,908
Other pension costs	42,003	34,290
Share based remuneration	258,060	401,640
	2,940,194	3,742,421

The Directors have identified seven (2007: seven) key management personnel, including Directors. Compensation to key management is set out below:

	2008 £	2007 £
Wages and salaries	435,126	548,875
Social security costs	47,529	58,609
Pension	28,160	-
Share based compensation	91,446	140,421
	602,261	747,905

13 Directors

Remuneration in respect of Directors was as follows:

	2008 £	2007 £
Emoluments	314,258	405,858

The highest paid director received total emoluments of £100,500 (2007: 144,300), pension contributions of £nil (2007 : £nil).

During the year no share options were exercised by the Directors, and pension contributions of £3,430 (2007: £nil) were made on their behalf.

14 Investment income

	2008 £	2007 £
Bank interest receivable	67,168	147,284

Notes to the financial statements

15 Income tax expense

	2008 £	2007 £
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	(1,835,308)	(3,317,106)
Loss on ordinary activities multiplied by standard rate of tax of 30% (2007: 30%)	(550,592)	(995,132)
Effect of :		
Expenses not deductible for tax purposes	83,569	134,016
Differences between capital allowances and depreciation	29,111	(8,291)
Unutilised tax losses	420,743	870,774
Other temporary differences	17,169	(1,367)
Total tax	-	-

At 31 March 2008 the unutilised tax losses carried forward amounted to £11.2 million (2007: £9.4 million).

Unrecognized deferred tax assets:

	2008 £	2007 £
Share option scheme	-	50,484
Tax losses	3,165,095	2,820,000
Other temporary differences	21,904	(2,897)
Accelerated capital allowances	9,991	-
	3,196,990	2,867,587

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.

Notes to the financial statements

16 Loss per share

(a) Basic
Basic loss per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008 £	2007 £
Loss attributable to equity holders of the Company	**(1,835,308)**	(3,317,106)
Weighted average number of ordinary shares in issue	**26,906,358**	26,746,721
Basic and diluted loss per share	**(6.82)**	(12.40)

(b) Diluted
Diluted loss 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 2008 options over 2,727,626 (2007: 2,456,638) ordinary shares were outstanding. Given the loss for the year these options are considered to be anti-dilutive. Such options could potentially dilute basic loss per share in the future.

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.

17 Cash generated/used by operations

	2008 £	2007 £
Loss before taxation	**(1,835,309)**	(3,317,106)
Depreciation and amortization	**220,859**	186,847
Investment income	**(67,168)**	(147,284)
Share-based payment expense	**258,060**	401,640
Increase in receivables	**(83,434)**	(155,808)
Increase in payables	**633,651**	210,368
Net cash used by operations	**(873,341)**	(2,821,343)

Notes to the financial statements

18 Financial assets and liabilities

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

	2008 £	2007 £
Loans and receivables	3,328,440	4,078,745
Total financial assets	3,328,440	4,078,745

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

	2008 £	2007 £
Current assets		
Trade and other receivables	2,202,407	2,147,651
Cash and cash equivalents	1,126,033	1,931,094
Other financial assets	-	-
Total financial assets	3,328,440	4,078,745

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

	2008 £	2007 £
Financial liabilities measured at amortized cost	2,577,273	1,894,113
Total financial assets	2,577,273	1,894,113

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

	2008 £	2007 £
Current liabilities		
Trade payables	2,577,273	1,894,113
Total financial liabilities	2,577,273	1,894,113

Notes to the financial statements

19 Credit risk analysis

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

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

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

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

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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

20 Liquidity risk analysis

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

At 31 March 2008 the Group has contractual maturities which are summarized in Note 8 Commitments.

21 Market risk analysis

21.1 Interest risk sensitivity

The Group has no borrowings on which it is subject to interest rate risk.

21.2 Foreign currency sensitivity

Foreign exchange risk is not considered material.

22 Post balance sheet event

On 31 July 2008 the Company issued an additional 1,345,000 ordinary shares of 20 pence each. The gross proceeds of the issue were £450,575 and £440,575 after expenses.

Report of the independent auditor to the members of Bango PLC

We have audited the financial statements of Bango PLC for the year ended 31 March 2008 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 2008.

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the parent company financial statements. The information given in the Directors' report includes that specific information presented in the CEO's statement that is cross-referred from the business review section of the Directors' report.

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 statement, the CEO's statement, 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 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 2008.
- The 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
1 August 2008

Company balance sheet

	Note	2008 £	2007 £
Fixed assets			
Investment in subsidiary	4	**5,058,181**	4,800,121
Current assets			
Debtors due within one year	5	**2,158**	6,293
Debtors due after one year	5	**6,490,578**	5,469,695
Cash at bank		**-**	1,060,315
		6,492,736	6,536,303
Creditors falling due within one year		**51,699**	55,887
Net current assets	6	**6,441,037**	6,480,416
Total assets less current liabilities		**11,499,218**	11,280,537
Capital and reserves			
Share capital	7	**5,383,282**	5,369,548
Share premium account	8	**5,320,067**	5,310,885
Other reserve	8	**853,895**	595,835
Retained earnings	8	**(58,026)**	4,269
Equity shareholders' funds		**11,499,218**	11,280,537

These financial statements were approved by the Directors on 31 July 2008 and are signed on their behalf by:

Mr R Anderson
Director

Mr P Saxton
Director

Notes to the financial statements

1 Accounting policies

Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 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 expensed 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 loss for the year ended 31 March 2008 of £62,295 (2007: profit of £37,098) is included in the Group loss for the financial year.

The auditor's remuneration for audit and non-audit services to the Company was borne entirely by Bango.net Limited, a wholly owned subsidiary.

3 Directors and employees
Details of Directors' interests in the shares and options of the Company are provided in the Directors' report on page 12.

There are no employees employed by the Company.

Details of Directors' remuneration are disclosed on page 34 of the Group accounts.

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

Notes to the financial statements

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 1 April 2007	4,800,121
Share based payments	258,060
Shares in subsidiary undertakings at 31 March 2008	5,058,181
Net book amount	
At 31 March 2008	5,058,181
At 31 March 2007	4,800,121

Details of subsidiary undertakings at 31 March 2008 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 services in USA

5 Debtors

	2008 £	2007 £
Amounts due from Group undertakings	6,490,578	5,469,695
Other debtors	2,158	6,293
	6,492,736	5,475,988

6 Creditors

	2008 £	2007 £
Trade creditors	18,892	23,080
Accruals and deferred income	15,421	15,421
Amounts owed to group undertakings	17,386	17,386
	51,699	55,887

Notes to the financial statements

7 Share capital

Authorised share capital:

	2008 No	2008 £	2007 No	2007 £
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 2006	26,534,315	5,306,864
Exercise of share options	313,424	62,684
As at 31 March 2007	26,847,749	5,369,548
Exercise of share options	68,670	13,734
As at 31 March 2008	26,916,409	5,383,282

8 Reserves

	Share premium account £	Other reserve £	Retained reserves £
At 1 April 2007	5,310,885	595,835	4,269
Exercise of share options	9,182	-	-
Share based payments	-	258,060	-
Loss for the year	-	-	(62,295)
At 31 March 2008	5,320,067	853,895	(58,026)