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BANGO plc
("Bango")

Interim Results

Bango (AIM: BGO), the mobile web payments and analytics company, today announces its unaudited Interim Results for the six months ended 30 June 2013.

As Bango changed its financial year end to align with the calendar year, financial statements presented are for the first six months of 2013 ("1h2013"). Comparatives are based on unaudited management accounts for the six months to 30 June 2012 ("1h2012") and the audited figures reported in March 2013 for the nine months ended 31 December 2012 (9m2012).

1h2013 Financial highlights

- End user spend grew 74% to £6.6m vs. £3.8m for previous 6 months, as the smartphone business continues to grow
- Gross profit on end user spend grew 57% to £0.22m vs. £0.14m for previous 6 months (1h2012: £0.19m, 9m2012: £0.22)
- Total gross profit increased 78% to £1.2m (1h2012: £0.7m, 9m2012: £1.58m)
- Adjusted EBITDA* -£1.18m (1h2012: -£0.98m, 9m2012: -£1.71m); the marginal increase is in-line with plans to scale up operations ahead of future high volumes
- Cash of £7.2m on 30 June 2013 (£3.65m on 30 June 2012, £2.33m on 31 December 2012)
- Over-subscribed £6.5m placement in February 2013 to underpin emerging market opportunities and strengthen balance sheet

** Adjusted EBITDA is Operating Loss before depreciation, amortization and share based payments.*

1h2013 Operational highlights

- Total direct reach now exceeds 1.2 billion users. Total billable identities exceeds 250 million.
- Significant Commercial Progress:
  - Google Play daily spend grew to enter Top 3 of end user spend sources on 1st Mobile Network Operator (MNO)
  - Growth in BlackBerry World daily spend following Blackberry 10 (BB10) launch
  - Facebook and Microsoft connected to 7 more mobile operators
  - Global Framework Agreement Signed with Telefónica Digital
  - Mozilla and Amazon projects progressed
- Systems and management in place to prepare for high volume:
  - Transaction processing headroom increased from 10x to more than 100x
  - Primary UK datacenter capacity and security upgrade completed
  - New regional datacenter established in North America
  - Opened 24/7 'Operational Hub' in Cambridge
  - Major upgrade of HTML5 payment flows and credit card processing capability
- Added direct integrations with 28 new MNO billing systems to reach 112 direct connections (vs. 60 total on 30 June 2012, 84 on 31 December 2012)

Post period highlights

- 5 new mobile operator systems connected to reach 117 in total as at September 2013
- Global Payment Services agreement signed with Mozilla in 1h2013 activated in August, in Firefox Marketplace's initial launch territories of Spain, Colombia, Poland and Venezuela
- Microsoft Windows Phone Store live transactions with Indosat in Indonesia (NYSE:IIT) and Rogers in Canada

Results for the period do not include any material end user spend from the agreements signed with Amazon and Mozilla, but do include costs relating to the establishment of these relationships.

Ray Anderson, Chief Executive Officer of Bango, commented: "Bango has made strong commercial and operational progress during the period. Last year Bango started to prepare for significant transaction volume growth from major app store customers, following the transition away from feature phone business. Bango has now successfully progressed smartphone opportunities so that there has been a solid return to growth in 1h2013 and a continuation of growth into the second half. Continued growth of BlackBerry World is being augmented by substantial growth from newer deployments such as Google Play, Microsoft Windows Phone Store, Facebook and Android users. The developing relationship with Microsoft and the very new relationship with Mozilla position Bango favorably for success in emerging markets, such as India, Brazil, Malaysia and Indonesia.

"Our customers have high expectations and demanding goals and therefore Bango has strengthened its team, installed more capacity and put in place enhanced security and processes during the first half of the year, ahead of anticipated higher volumes of transactions as existing customers and app stores roll our further geographies and additional integrations with new customers go live.

"Due to the growth seen so far this year, the increasing number of relationships with leaders in the industry and the increasing interest in using mobile operator billing to increase the sales of content and apps, as well as the other opportunities, Bango is confident of its future prospects."

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About Bango

In the era of mobile technology, collecting payments has emerged as a central and complex challenge. Bango (AIM: BGO) powers payment and analytics on the mobile web, providing users with a massively smooth payment experience.

Bango's pervasive presence across the web creates a platform effect for partners, identifying hundreds of millions of users and maximizing the number of one-click payments. Global leaders plugging into Bango include: Amazon (NASDAQ: AMZN), BlackBerry World (NASDAQ: BBRY), Facebook (NASDAQ: FB), Firefox Marketplace, Google Play, Windows Phone Store (NASDAQ: MSFT) and major mobile brands including CNN, Cartoon Network and EA Mobile. Visit: bango.com

Summary

Having established an enviable position at the forefront of mobile payments, Bango has continued to further cement its status as the technology of choice for leading mobile operators, the world's largest app stores and major content publishers.

Bango is processing millions of live transactions across a number of content providers and app stores. Bango enables the collection of payments from consumers by integrating the billing systems of mobile operators around the world into a common platform. As well as reducing the cost and time to market, Bango technology and extensive - and growing - database of BangoID's provides a superior user experience. This in turn enables more sales than a business could get by a simple direct connection to one or more billing systems.

Bango products and markets

Bango's core product offering delivers the most efficient means for content providers to collect money from their customers. At the same time, Bango significantly improves user experience, increases sales success and minimizes risk.

Bango Payments Platform

The Bango Payments Platform provides a common connection point between the dozens of diverse billing systems around the world (operator billing platforms, mobile wallets and credit cards) and the leading smartphone app stores, online merchants, content providers and app developers.

Bango's payment technology scales to meet the requirements of the largest app stores, delivering one-click payments for pay-per-download, subscriptions and in-app sales. It provides automated settlement, currency conversion, tax processing, risk management and mass out-payment of earnings.

Bango increases sales by 200 to 1000% or more compared with traditional credit card methods, and this is amplified further due to the unique BangoID database, particularly with the increasing number of Wi-Fi connected users.

Bango Analytics

Bango Analytics compliments Bango Payments to provide clear proof of increased sales conversion and customer engagement. It measures real consumer behaviour from the point of initial acquisition within marketing campaigns, through navigation and payments in stores or on websites, to the consumption and use of digital content and applications.

Unique cloud-based BangoID identification and authentication technology ensures unrivalled precision across all platforms and connections, leveraging industry partnerships to deliver intelligence unavailable elsewhere.

Growth strategy

The current Bango focus is on enabling its largest customers to quickly and easily grow their transaction volumes by expanding the reach of mobile operator billing. By providing improved sales conversion rates, expanding their reach through activating new payment channels, and adding more customers, Bango will increase the volume and value of transactions over its industry leading platform.

An area of specific focus for Bango is on device specific app stores and in-app billing systems associated with each platform or device, such as Google Play, BlackBerry World and Microsoft Windows Store. Apple has established a strong position in the supply of content and apps to Apple mobile devices, using its own payment channels built around iTunes. The other app stores want to use more broadly available payment channels – and in particular mobile operator billing - to further their reach and market share. Bango has been successful in gaining significant engagement with these other significant players; using Bango they can collect payments more broadly even than Apple, so Bango becomes a strategic partner in expanding their business. These include:

- **BlackBerry World** (many more operator connections added 1h2013)
- **Google Play** (first 6 months of transactions on first MNO in 1h2013)
  Microsoft Windows Phone Store (first MNO added and live transactions in 1h2013, more live connections added post period)
- **Facebook** (additional live operator billing connections added during 1h2013)
- **Mozilla Firefox Marketplace** (went live post period in August 2013)
- **Amazon** (ongoing relationship announced in 2011, not currently live)

Bango is pursuing the remaining major opportunities building on success with existing deployments. Bango is also working to expand its product offering to enable it to power the “middle tail” of larger businesses looking to monetize their products and services on mobile.

Emerging Open Web technologies and devices, such as HTML5, provide a compelling alternative path alongside device specific app stores. Bango continues to innovate around HTML5 and Open Web payment standards. Major progress was made during the first half of 2013 and Bango now hosts all payments (operator billed and credit cards) for the ground-breaking new Firefox OS smartphone, the world’s first HTML5 Open Web Device, pioneered by Mozilla and Telefónica.

Additional focus has been given to growing commercial partnerships with mobile operators around the world. Bango provides a single unified payment integration across all the major app stores and merchants. This valuable solution provides mobile operators with significant technical simplification, cost savings and rapid time to market. They can also benefit from Bango Analytics technology which delivers precise measurement and insights that they otherwise could not get. Further products and services will be provided to meet the demands of this market during 2014.

CEO's Statement

1h 2013 Overview

Following the changes to refocus the business to meet the needs of smartphone market leaders in 2011 and 2012, Bango is now seeing the benefits in significant transaction volume and value growth as these businesses start to deploy services using the Bango Platform. With smartphones now driving more than 95% of end user spending and growing fast, the transition from the legacy feature phone business is now complete.

To date, Bango has integrated its payment platform with more than 117 mobile operator billing systems (1h2012: 60). These connections provide an unparalleled level of speed and reliability for mobile operator billing. They give Bango the ability to directly place charges on the bills of more than 1.2 billion mobile phone users and with the unique BangoID technology provide higher conversion rates and reduced risk. Following the developing and testing of a technical MNO interconnection, and agreeing a commercial framework, the connection is then activated as required by Bango customers.

In the last 12 months Bango has made great strides in going live and signing additional app stores, more than doubling those live in 1h2012. Each Bango MNO connection is in use by at least one of Bango's major app stores: BlackBerry World, Facebook, Google Play, Microsoft Windows Phone Store and Firefox Marketplace. Mozilla launched its first Bango powered services post period, in August 2013.

Following the launch of BlackBerry 10 (BB10) in January 2013, Bango was delighted to see growth in spending on Blackberry World content and apps through the Bango Platform in the period; and this growth trend has continued into the second half. Google Play also contributed to Bango's growth in end user spend. Facebook and Microsoft, though in early stages, added to growth in the period. Microsoft's first deployment with Bango was announced on 27 June 2013.

Bango Analytics continues to provide the most advanced information available in the marketplace over mobile devices. Bango Analytics customers value the accuracy and additional information available compared with conventional analytics suppliers.

Google Play

Google Play delivers music, books, movies and apps straight to hundreds of millions of Android users around the world. Bango connects mobile operator billing systems to Google Play to enable easy payment for Google Play items on users' phone bills. Google Play has performed ahead of management's expectations in the first half of the year since going live with Telstra, Australia, in December 2012.

Bango has a number of similar projects in progress with other mobile operators around the world, building on this success, to leverage their existing Bango Platform integrations or to become new Bango customers. These are expected to become active in the coming months to help Android users buy more from Google Play by using operator billing.

Mozilla

Bango signed a Global Payment Services agreement with Mozilla Corporation in June 2013, and was delighted to activate the service in August 2013 for Firefox Marketplace's initial launch territories. Bango provides operator billing and other billing options, as well as collection and settlement for content purchased by Firefox OS customers in Spain and Colombia through Telefónica, and in Venezuela for credit card billing.

The mass market combination of phone and phone bill means operator billing is ideally suited to high volume, low value transactions for digital content and services, which is highly attractive for developers and publishers. For many consumers in fast growth markets, a Firefox OS device will be their first smartphone. Firefox Marketplace is the first app store to embrace operator billing from launch.

To broaden the availability of Firefox OS phones, Mozilla has since in August 2013 begun to sell the handsets at lower prices on eBay. In parallel with this, Bango has enabled credit card billing in the UK and USA for the Firefox Marketplace, alongside operator billing, to ensure maximum revenue for Firefox developers.

While Firefox OS is at its early stages, Bango sees Mozilla as an important technical partner to help expand and enhance the HTML5 capabilities of the Bango Platform and to catalyze innovation around the unique BangoID and Bango BillRank system.

Facebook

Bango provides Facebook with operator billing as part of an improved mobile payments flow that enables Facebook's mobile web users to easily purchase digital content. During the half, Bango connected Facebook with mobile operators in Spain, adding to those already connected in France, Germany, USA, and the UK.

The use of Bango technology is focussed on HTML5 based web-apps that can run on iOS or Android, alongside any apps that are downloaded from the app stores, and this is at an early stage.

Microsoft

In June 2013, Bango was pleased to announce that direct operator billing had launched in Indonesia with the MNO Indosat (IDX:ISAT, NYSE:IIT). Indosat, a subsidiary of Qtel Group, is a leading MNO with approximately 50 million mobile subscribers. The Indonesian smartphone market is seeing rapid growth, with the research firm GfK reporting a 37% increase in the year to March 2013, and overall volume sales of 15.8 million units.

Microsoft research has revealed that when operator billing is offered, it is preferred by 75% of Windows Phone users and drives more successful transactions, in that, paid downloads can more than double compared to credit card billing alone. In markets such as Indonesia, operator billing is the only way to pay online for most people.

Bango continues to work with Microsoft to expand operator billing in the Windows Phone Store. Since going-live with Indosat, Bango has also gone live with Rogers in Canada and expects to announce further progress in the coming months.

Microsoft recently announced that it will buy the mobile phone business from Nokia. Bango believes this provides further evidence that Microsoft is committed to the mobile marketplace, and should provide further impetus for smartphone penetration in emerging markets.

BlackBerry

BlackBerry World uses Bango's direct billing connections to collect payments from more than 70 MNO's in North America, Europe, South America and Asia. BB10, a new smartphone and tablet platform that improves usability, was launched at the beginning of the half year.

The new system and phones since launch have contributed to an increase in end user spend during the period. In August 2013, BlackBerry World spend via Bango reached its best ever month.

Amazon

An agreement was signed with Amazon in December 2011 and, as expected, did not generate significant revenue during the half year. The relationship continues to progress and is being given a great deal of attention within Bango.

Bango Analytics

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

Significant analytics customers such as NBA, CNN, Thomson Reuters and Telefónica use Bango Analytics on Android, iOS, BlackBerry, Windows, HMTL5 and other platforms. This is adding millions to the BangoID database every month. Bango Analytics provides valuable information not available elsewhere and frequently streamlines the payment experience.

Mobile Network Operators (MNOs)

Mobile operators are showing increasing interest in Bango Analytics to provide them with insights they can not get themselves – for example information on how their users behave on Wi-Fi connections - and also to better understand user spending patterns across different app stores and how they compare with other mobile operators.

Trevor Goldberg joined as Vice President Business Development, Mobile Network Operators, in July 2013. This role was created to engage more closely with MNOs and help them plug into Bango to deploy services faster, generate more revenue, provide a better user experience and gain analytical information unavailable elsewhere. Trevor is an experienced mobile professional and a well-known industry voice with over 20 years' experience in software, internet and mobile technologies at companies such as Miyowa, GLOBO and Bango in its early stages.

Ready for high growth in transaction volumes

The Bango Platform is highly scalable and capable of handling significant increases in volumes. Importantly, Bango's technology also derives and maintains a coherent globally unique and secure identity for each user, known as the BangoID.

Following the appointment of a Chief Operating Officer (COO) in November 2012, Bango made rapid progress during 1h2013 to strengthen systems and operational processes ready for very large increases in transaction volumes. A number of further security systems were also deployed within Bango. Privacy continues to be a priority for Bango.

Massively increased capacity

New equipment was installed in Bango's existing UK datacentres and these were augmented by the creation of a new datacentre in North America to provide substantial extra peak handling capacity, and to reduce latency for customers and end users in the Americas. Driven by heavy analytics usage by customers and internal testing of the Bango Platform, Bango successfully processed peaks of activity in excess of 100,000 transactions per second in 1h2013. This gave Bango management confidence that the system will be able to process payments volumes equivalent to 1,000 or more times current levels whenever demanded.

Improved platform management

A new platform Operations Hub was opened during the period. Based in Cambridge, UK this is a fully manned 24/7 contact point for Bango customers. It also provides the operations staff, and other support or development engineers, rapid access to information and systems in an efficient and secure way.

Increased global reach

Bango's global footprint has again extended during the period. Bango had completed direct integrations with the billing systems of 112 mobile operators by the end of June 2013 (vs 60 total on 30 June 2012), increasing to 117 post period. These integrations give Bango the ability to directly place charges on the bills of more than 1.2 billion mobile phone users for its customers.

While it would be possible to connect indirectly to mobile operator billing systems, the larger Bango customers require the reliability and contracted levels of service that direct integration and direct MNO contracts provide. A number of intermediaries (sometimes called "aggregators") have recently approached Bango about leveraging Bango's connectivity for resale to their customers and this opportunity is being investigated.

A major step during 1h2013 was the signing of a Global Framework Agreement with Telefónica in January 2013. The agreement aligns the Bango Platform and BangoID technology with Telefónia's Blue Via Payment APIs, connecting over 314 million chargeable customers worldwide to the Bango Payments Platform. A key goal of the partnership is to accelerate the availability of a standardized and open payment platform for all app stores and content providers, by supporting operator billing and other payment methods, including over Wi-Fi, through a common platform.

To reduce the cost of integrating and managing the next 100 mobile operators, a set of internally developed tools and management frameworks have been developed and deployed into the Bango Platform. The technical activation process with each app store and content provider is now increasingly more streamlined and efficient, and the on-going management of connections is improved.

Market overview

As predicted by Bango in its last annual reports, the emergence of Android has opened up the market to new users and very wide deployment of smartphones and the mobile web.

Apple and Google are the main drivers of the market, but high energy is being seen from established players BlackBerry and Microsoft. There is also innovation from new entrants in mobile such as Mozilla, Facebook and Amazon. The mobile industry is vibrant, growing fast and offers a significant opportunity for providers of apps and services, should they implement ways to effectively collect payments from users.

According to Gartner (August 2013), worldwide smartphone sales in 2q2013 reached 225 million units, up 46.5% from 2q2012; exceeding feature phone sales for the first time. Asia/Pacific, Latin America and Eastern Europe had the highest smartphone growth rates, though smartphone sales grew in all regions. By 2014 mobile internet is predicted to take over desktop internet usage (Microsoft Tag, 2012).

Smartphone shipments are expected to reach 958.8 million units by the end of 2013, up from 722.5 million units in 2012 (IDC Worldwide Quarterly Mobile Phone Tracker June 2013). Smartphones are expected to account for 52.2% of all mobile phone shipments worldwide. This growth is a trend expected to continue as demand for mobile data and handheld computing spreads across both the developed and emerging markets. Emerging markets will account for 64.8% of all smartphones shipped during 2013, up from 43.1% in 2010. According to IDC user behavior has switched from simple voice telephony to data consumption and creation.

Global mobile app store revenue – which is substantially from ad-funding - is projected to reach $24.5bn in 2013; increasing to $74bn in 2017 with 310 billion downloads. Gartner has also predicted that by 2017, 25% of all enterprises will have an app store.

Although it is very early stages for mobile operator billing in app stores, paid-for downloads are predicted to increase from 8.1 billion in 2013 to 21.6 billion in 2017. In-app purchasing is due to increase in both the number of downloads and in terms of the contribution to overall store revenue, resulting in a shift in user spending from upfront purchase to in-app purchase (Gartner Market Trends: Mobile App Stores, Worldwide, 2012). This is the key market opportunity for Bango in the next 1-2 years.

Bango expects that the wide area connectivity of the mobile phone will become less expensive and more pervasive, and that tablets will increasingly incorporate mobile phone capabilities. Bango is seeing the first signs of this as the so called "Phablet", a smartphone with a screen the size of a small tablet starts to achieve increasing uptake.

Emerging Markets: India, Brazil, Malaysia and Indonesia

A strong theme for newer Bango partners is access to emerging markets where credit cards are less popular, and where Android and BlackBerry devices have a higher market penetration than the iPhone. Bango is also experiencing significant interest from operators in markets where other payment methods are scarce, such as India, Brazil and Indonesia.

In the half, Bango established a business structure to enable Bango customers to access the Indian market using MNO billing for app stores. This meets the complex Indian regulatory requirements, complies with local privacy laws and ensures tax compliance when processing payments. Bango is progressing with the establishment of a Brazilian entity to provide similar capabilities for customers providing valuable apps to consumers in Brazil.

In Southeast Asia Bango is now live with the three main operators in Indonesia across multiple app stores and has recently activated live services in Malaysia.

Outlook

1h2013 has seen a remarkable return to growth in end user spend, driven mainly by new customers signed up during 2012, and with margins that are being sustained in the middle of Bango's 2-5% medium term target range. End user spend almost doubled over a six month period, driven by smartphone activity and Bango is pleased to report that growth in end user spend from smartphone business has continued into the second half.

The legacy feature phone business now represents less than 5% of end user spend. The transition from this business to smartphone business started in 2010 is therefore effectively complete and Bango will no longer be reporting on feature phone business.

As anticipated, Bango has invested in new people and systems to support very substantial growth and to meet the needs of its major customers going forward. Bango management is therefore confident that Bango has the right cost base and strong balance sheet to scale in parallel with the expected volume growth ahead. It is too early to predict transaction volume growth rates but all factors are moving in the right direction, providing Bango with increasing confidence in its move to profitability, positive cashflow and increasing lead in the market.

Bango is focused over the longer term on growing the value generated from transaction volumes and was therefore pleased by the 78% increase in gross profit from 1h2012. This increase is mostly due to mobile operators paying to connect to the Bango Platform and from analytics services; management sees this as an indicator of confidence in the future success of the Bango Platform.

The Bango team continues to be extremely encouraged by the adoption of its platform by mobile leaders, operators, merchants and brands. The reputation for reliability and quality that has been earned with major customers has provided a great foundation from which Bango is able to demonstrate its leading and unique technology, and continue to expand its relationships with app stores and further MNOs. This makes Bango confident of continuing success in the year ahead.

Ray Anderson

Chief Executive Officer

CFO's Statement

Financial reporting period

As Bango has changed its fiscal year end to align with the calendar year, financial statements presented are for the six months to 30 June 2013 ("1h2013"). Comparatives are based on unaudited management accounts to 30 June 2012 ("1h2012"), and the audited figures announced in March 2013 for the nine months ended 31 December 2012 ("9m2012").

1h2013 Financial review

Results for the period do not include any material income from the agreements signed with Amazon, Microsoft, MasterCard and Facebook, but do include costs relating to the establishment of these relationships.

Bango has successfully transitioned from feature phone market to the smartphone marketplace. The legacy feature phone business now represents less than 5% of Bango's recorded end user spend. Average daily end user spend is increasing on a month by month basis driven by significant growth in smartphone business. Momentum has continued with global partners and payments processed through the Bango Platform increased by 78% in 1h2013, when compared with the second half of 2012. This was driven primarily by the growth of BlackBerry and Google transactions in 1h2013.

Total Turnover

The basis used to report turnover in the financial statements has been agreed with the Financial Reporting Council. The turnover related to 'end user activity' is a blend of spend by end users and agency commissions earned by processing payments through the Bango Platform. Bango does not disclose confidential information relating to its customers' or partners' business.

Bango works with major global partners and processes end user activity in line with the partners' business models. Bango discloses gross end user activity to enable the benchmarking of the performance of the core business, the processing of payments on the Bango Platform. This analysis is presented in Table 1.

Total turnover, as reported by Bango, is comprised of end user activity fees and platform services fees:

- <u>End user activity fees</u> are a blend of end user activity and agency fees related to processing payments transactions. When Bango is the principal or merchant of record, turnover is the gross end user spend excluding sales taxes.
- <u>Platform services fees</u> are a blend of analytics fees and fees for connection to the Bango Platform

Total turnover for the period was £4.54m (1h2012: £5.67, 9m2012: £7.35m), this reflects the transition of the business from feature phone to smartphone and app store based activity, alongside the inclusion of agency fees in the end user activity.

End user activity

Gross end user activity for 1h2013 showed a 74% increase over 2h2012, and 27% increase over 1h2012. At 30 June 2013, the 'legacy' element of the end user spend was less than 5%; at this level Bango considers the transition to be completed.

End user gross margin at 3.4% remains comfortably within the Bango target range of 2%-5%. Bango earns higher margins for processing payments that are more complex; such as when currency is not readily convertible, regulations require certain conditions, or the technical integration is more convoluted or timely.

Table 1	Unaudited				Audited
	1h2012	2h2012	1h2013		9m 2012
	6 months to 30 Jun 12	6 months to 31 Dec 12	6 months to 30 Jun 13		9 months to 31 Dec 12
	£m	£m	£m		£m
End User Spend	**5.19**	**3.79**	**6.6**		**5.99**
Gross Profit	**0.19**	**0.14**	**0.22**		**0.22**
End User Margin	**3.70%**	**3.70%**	**3.41%**		**3.70%**

Gross profit

Gross Profit increased 78% to £1.2m (1h2012: £0.7m, 9m2012: £1.6m).

Gross profit from platform services, which includes analytics fees and fees for connections to the Bango Platform, doubled to £982,000 (1h2012: £484,000, 9m2012: £1,357,000). This was due to mobile operators and Bango customers paying for connectivity to the Bango Platform, alongside increased volumes of analytical information being provided. Customers are making these investments in anticipation of, and in preparation for, future transaction flows across their networks and the Bango Platform.

Gross profit on end user activity grew 57% to £0.22m (1h2012: £0.19m, 9m2012: £0.22m).

Total margin expressed as a percentage of turnover was 26.21% (1h2012: 11.8%).

Costs

The cost base reflects the planned and managed investment in people and technology as Bango continues to develop its products and ensure resilience and scalability in the platform to prepare for further progress with global partners.

Total operating costs excluding depreciation, amortization and share based payment increased to £2.37m (1h2012: £1.65m, 2h2012: £3.29m). This reflects the planned increase in spending of £1.2m to £1.5m per annum to increase the capability and connectivity of Bango datacentres, deploy additional contingency and security measures, and, create a new operations team consisting of approximately 10 people.

EBITDA, adjusted to account for share based payments for June 2013, amounted to -£1.18m. This represents an increase in the loss of £0.16m compared with June 2012 (1h2012: -£0.98m, 9m2012: -£1.71m). The increase in operational spend was almost completely compensated for by additional gross margin from platform services.

Following an increase to £0.44m (1h2012: £0.28m, 9m2012: £0.61m) in charges for depreciation and amortization as more benefits came on stream from capitalised R&D and, an increase in share based payments charges to £0.21m (1h2012: £0.06m, 9m2012: £0.25m), the loss after tax was £1.72m compared to £1.25m to 30 June 2012.

Loss per share
Loss per share 3.87p (1h2012: 3.23p).

Balance sheet

Cash balances stood at £7.2m at 30 June 2013 (1h2012: £3.6m, 9m2012: £2.3m), following the fundraising in March 2013. One of the uses for the funding was to strengthen the balance sheet. The other benefit arising from the Bango strengthened balance sheet is that Bango will be able to take advantage of very favourable lease terms currently being offered if required.

Cash flow

In February 2013 Bango raised £6.5m (approximately US$10m) before expenses in an oversubscribed placing of 3,250,000 new ordinary shares at a price of 200p, with both new and existing institutional investors. The funds support Bango's strategy of advancing opportunities in emerging markets and developing further major Mobile Network Operator integrations.

Analysis of 1h2013 financials

	1h2013	**1h2012**	**9m2012**
	Six months to 30 June 2013	Six months to 30 June 2012	Nine months to 31 December 2012
	Unaudited	Unaudited	Audited
	£m	£m	£m
Turnover			
End user activity[1]	3.57	5.19	5.99
Other fees[2]	0.97	0.48	1.36
Total Turnover	**4.54**	**5.67**	**7.35**
Gross profit			
End user	0.22	0.19	0.22
Other fees	0.97	0.48	1.36
Total gross profit	**1.19**	**0.67**	**1.58**
Margin %			
Total margin %	*26.21%*	*11.8%*	*21.5%*
Operating costs	(2.37)	(1.65)	(3.29)
Adjusted EBITDA	**(1.18)**	**(0.98)**	**(1.71)**
Depreciation & amortisation	0.44	0.28	0.61
Share based payment charge	0.21	0.06	0.25
Loss before tax	(1.83)	(1.32)	(2.57)
Loss after tax	**(1.72)**	**(1.25)**	**(2.41)**
Cash net of borrowings	**7.20**	**3.65**	**2.33**
Basic loss per share	(3.87)p	(3.23)p	(5.91)p

[1] End-user activity fees are a blend of end user activity and agency fees related to processing payments transactions. When Bango is the principal or merchant of record, turnover is the gross end user spend excluding sales taxes. Where Bango is the not the merchant of record then the turnover is recognized net excluding sales taxes. Therefore, in the six months to 30 June 2013 the turnover recognized was £3.6m from a gross end user spend of £6.6m (1h2012 turnover was £5.2m from a Gross End User Spend of £5.2m), this represents a new form of business for Bango.

[2] Platform services fees are a blend of analytics fees and fees for connection to the Bango Platform.

Gerry Tucker

Chief Financial Officer

Consolidated Income Statement
for the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 Unaudited £	Six months ended 30 June 2012 Unaudited £	Nine month period ended 31 December 2012 Audited £
Turnover		4,537,526	5,673,686	7,351,946
Attributable to content providers		(2,537,107)	(3,435,535)	(4,156,457)
		2,000,419	**2,238,151**	**3,195,489**
Cost of sales – payment providers		(803,547)	(1,566,459)	(1,613,514)
Gross profit		**1,196,872**	**671,692**	**1,581,975**
Administrative expenses before share based payments		(2,810,330)	(1,937,673)	(3,899,092)
Share based payments		(206,154)	(60,000)	(252,718)
Total administrative expenses		**(3,016,484)**	**(1,997,673)**	**(4,151,810)**
Operating Loss		**(1,819,612)**	**(1,325,981)**	**(2,569,835)**
Interest payable		(11,365)	0	(5,091)
Investment income		4,309	297	6,513
Loss before taxation		**(1,826,668)**	**(1,325,684)**	**(2,568,413)**
Income tax		105,000	73,225	162,665
Loss and total comprehensive loss for the period attributable to equity holders of the company		**(1,721,668)**	**(1,252,459)**	**(2,405,748)**
Loss per share attributable to the equity holders of the Company				
Basic loss per share	**5**	(3.87)p	(3.23)p	(5.91)p
Diluted loss per share	**5**	(3.87)p	(3.23)p	(5.91)p

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

Notes 1 to 8 are an integral part of the consolidated financial statements.

Consolidated balance sheet
for the six months ended 30 June 2013

As at:

	Note	30 June 2013 Unaudited £	30 June 2012 Unaudited £	31 December 2012 Audited £
ASSETS				
Non-current assets				
Property, plant and equipment		850,239	278,993	638,662
Intangible assets		3,531,246	2,944,841	3,277,947
		4,381,485	**3,223,834**	**3,916,609**
Current assets				
Trade and other receivables	**4**	2,470,597	2,845,726	2,191,349
Research and development tax credits		266,049	281,346	359,113
Cash and cash equivalents		7,196,174	3,647,692	2,327,444
		9,932,820	**6,774,764**	**4,877,906**
Total assets		**14,314,305**	**9,998,598**	**8,794,515**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**7**	9,108,837	8,204,464	8,346,604
Share premium account	**7**	17,664,829	11,659,612	11,842,076
Merger reserve	**7**	1,236,225	1,236,225	1,236,225
Other reserve	**7**	1,700,030	1,271,158	1,493,876
Accumulated losses	**7**	(18,131,252)	(14,922,187)	(16,409,584)
Total equity		**11,578,669**	**7,449,272**	**6,509,197**
LIABILITIES				
Current liabilities				
Trade and other payables		2,237,310	2,549,326	2,146,363
Finance lease liabilities		119,043	-	21,778
		2,356,353	**2,549,326**	**2,168,141**
Non-current liabilities				
Finance lease liabilities		379,283	-	117,177
		379,283	-	**117,177**
Total liabilities		**2,735,636**	**2,549,326**	**2,285,318**
TOTAL EQUITY AND LIABILITIES		**14,314,305**	**9,998,598**	**8,794,515**

Notes 1 to 8 are an integral part of the consolidated financial statements.

Consolidated cash flow statement
for the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 Unaudited £	Six months ended 30 June 2012 Unaudited £	Nine months ended 31 December 2012 Audited £
Net cash (used) / generated by operations	**6**	**(818,062)**	**(1,378,290)**	**(1,581,427)**
Cash flows generated from / (used by) investing activities				
Purchases of property, plant and equipment		(397,998)	(143,458)	(359,532)
Addition to intangible assets		(506,999)	(596,552)	(904,097)
Interest received		4,309	-	6,513
Net cash generated used by investing activities		**(900,688)**	**(740,010)**	**(1,257,116)**
Cash flows generated from financing activities				
Proceeds from issuance of ordinary shares		6,944,699	3,468,121	3,557,902
Costs associated with issuance of ordinary shares		(359,713)	(198,212)	(198,212)
Interest payable		(11,365)	-	(5,091)
Capital payable on finance lease obligations		(10,391)	-	(4,821)
Net cash generated from financing activities		**6,563,230**	**3,269,909**	**3,349,778**
Net increase/(decrease) in cash and cash equivalents		**4,844,480**	**1,151,609**	**511,235**
Cash and cash equivalents at beginning of period		2,327,444	2,496,053	1,794,164
Exchange differences on cash and cash equivalents		24,250	30	22,045
		2,351,694	**2,496,083**	**1,816,209**
Net cash and cash equivalents at end of period		**7,196,174**	**3,647,692**	**2,327,444**

Notes 1 to 8 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2013

	Share capital	Share premium account	Merger reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 January 2012	**7,630,330**	**8,963,838**	**1,236,225**	**1,211,158**	**(13,669,728)**	**5,371,823**
Share-based payments	-	-	-	60,000	-	60,000
Exercise of share options	103,134	131,692	-	-	-	234,826
Issue of new shares	471,000	2,564,082	-	-	-	3,035,082
Transactions with owners	**574,134**	**2,695,774**	**-**	**60,000**	**-**	**3,329,908**
Loss for the period	-	-	-	-	(1,252,459)	(1,252,459)
Total comprehensive income for the period	-	-	-	-	(1,252,459)	(1,252,459)
Balance at 30 June 2012	**8,204,464**	**11,659,612**	**1,236,225**	**1,271,158**	**(14,922,187)**	**7,449,272**
Balance at 1 April 2012	**7,733,465**	**9,095,525**	**1,236,225**	**1,241,158**	**(14,003,836)**	**5,302,537**
Share-based payments	-	-	-	252,718	-	252,718
Exercise of share options	142,139	195,863	-	-	-	338,002
Issue of new shares	471,000	2,550,688	-	-	-	3,021,688
Transactions with owners	**613,139**	**2,746,551**	**-**	**252,718**	**-**	**3,612,408**
Loss for the period	-	-	-	-	(2,405,748)	(2,405,748)
Total comprehensive income for the period	-	-	-	-	(2,405,748)	(2,405,748)
Balance at 31 December 2012	**8,346,604**	**11,842,076**	**1,236,225**	**1,493,876**	**(16,409,584)**	**6,509,197**
Balance at 1 January 2013	**8,346,604**	**11,842,076**	**1,236,225**	**1,493,876**	**(16,409,584)**	**6,509,197**
Share-based payments	-	-	-	206,154	-	206,154
Exercise of share options	112,233	332,466	-	-	-	444,699
Issue of new shares	650,000	5,490,287	-	-	-	6,140,287
Transactions with owners	**762,233**	**5,822,753**	**-**	**206,154**	**-**	**6,791,140**
Loss for the period	-	-	-	-	(1,721,668)	(1,721,668)
Total comprehensive income for the period	-	-	-	-	(1,721,668)	(1,721,668)
Balance at 30 June 2013	**9,108,837**	**17,664,829**	**1,236,225**	**1,700,030**	**(18,131,252)**	**11,578,669**

Notes 1 to 8 are an integral part of the consolidated financial statements.

1. General information

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

The interim financial statements have been approved for issue by the Board of Directors on 16 September 2013.

2. Basis of preparation

The condensed interim financial information for the half year ended 30 June 2013 has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRS). They do not include all of the information required in the annual financial statements in accordance with IFRS, and should be read in conjunction consolidated financial statements of the Group for the period ended 31 December 2012.

The consolidated interim financial information has been prepared under the historical cost convention.

The corporate information for the six months ended 30 June 2012 has been extracted from the unaudited management accounts and is correspondingly shown as unaudited, see also note 8 for further details.

3. Principal accounting policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the period ended 31 December 2012.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

Six months ended 30 June 2013

	End user activity	Platform Services	Group	Total
	£	£	£	£
Segment turnover	3,565,477	972,049	-	**4,537,526**
Attributable to content providers	(2,537,107)	-	-	**(2,537,107)**
Cost of sales – payment providers	(803,547)	-	-	**(803,547)**
Segment gross profit	**224,823**	**972,049**	**-**	**1,196,872**
Segment assets	1,589,027	223,289	12,501,989	**14,314,305**
Segment liabilities	(1,189,554)	(16,679)	(1,529,403)	**(2,735,636)**
Net assets	**399,473**	**206,610**	**10,972,586**	**11,578,669**

Six months ended 30 June 2012

	End user activity	Platform Services	Group	Total
	£	£	£	£
Segment turnover	5,189,943	483,743	-	**5,673,686**
Attributable to content providers	(3,435,535)	-	-	**(3,435,535)**
Cost of sales – payment providers	(1,566,459)	-	-	**(1,566,459)**
Segment gross profit	**187,949**	**483,743**	**-**	**671,692**
Segment assets	1,931,544	181,435	7,885,619	**9,998,598**
Segment liabilities	(2,286,358)	-	(262,968)	**(2,549,326)**
Net assets	**(354,814)**	**181,435**	**7,622,651**	**7,449,272**

Nine months ended 31 December 2012

	End user activity	Platform Services	Group	Total
	£	£	£	£
Segment turnover	5,994,899	1,357,047	-	**7,351,946**
Attributable to content providers	(4,156,457)	-	-	**(4,156,457)**
Cost of sales – payment providers	(1,613,514)	-	-	**(1,613,514)**
Segment gross profit	**224,928**	**1,357,047**	**-**	**1,581,975**
Segment assets	1,414,023	229,964	7,150,528	**8,794,515**
Segment liabilities	(1,477,874)	(40,930)	(766,514)	**(2,285,318)**
Net assets	**(63,851)**	**189,034**	**6,384,014**	**6,509,197**

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

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

(b) The Group's revenues from external customers are divided into the following geographical areas:

Six months ended 30 June 2013

	United Kingdom	Rest of EU	USA and Canada	Rest of World	Total
	£	£	£	£	£
Revenue	808,759	236,230	2,057,318	1,435,219	**4,537,526**

Six months ended 30 June 2012

	United Kingdom	Rest of EU	USA and Canada	Rest of World	Total
	£	£	£	£	£
Revenue	983,217	392,476	4,196,669	101,324	**5,673,686**

Nine months ended 31 December 2012

	United Kingdom	Rest of EU	USA and Canada	Rest of World	Total
	£	£	£	£	£
Revenue	1,819,016	601,177	3,447,070	1,484,683	**7,351,946**

Revenue is reported based on the location of the customer. Most non-current assets are based in the UK, except for £1,604 of property, plant and equipment held at the New York office.

5. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average of ordinary shares in issue during the period.

	Six months ended 30 June 2013 Unaudited £	Six months ended 30 June 2012 Unaudited £	Nine months ended 31 December 2012 Audited £
Loss attributable to equity holders of the Company	**(1,721,668)**	(1,252,459)	(2,405,748)
Weighted average number of ordinary shares in issue	**44,439,653**	38,727,290	40,704,567
Basic loss per share	**(3.87)p**	(3.23)p	(5.91)p
Diluted loss per share	**(3.87)p**	(3.23)p	(5.91)p

At 30 June 2013 options over 2,539,545 (30 June 2012: 3,145,294) 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.

6. Cash used by operations

	Six months ended 30 June 2013 Unaudited £	Six months ended 30 June 2012 Unaudited £	Nine months ended 31 December 2012 Audited £
Loss for the financial period	(1,721,668)	(1,252,459)	(2,405,748)
Depreciation & amortization	440,121	276,039	607,423
Taxation in income statement	(105,000)	(73,225)	(162,665)
Investment income	(4,309)	-	(6,513)
Interest payable	11,365	-	5,091
Foreign exchange movement	(31,090)	-	(22,045)
Share-based payment expense	206,154	60,000	252,718
Increase/ (decrease) in receivables	279,248	(396,980)	662,983
(Decrease)/ increase in payables	(90,947)	(97,681)	(728,914)
	(1,016,126)	**(1,484,306)**	**(1,797,670)**
Corporation tax rebate	198,064	106,016	216,243
Net cash (used)/ generated by operations	**(818,062)**	**(1,378,290)**	**(1,581,427)**

7. Share capital

During the six months period ended 30 June 2013 the group issued 3,250,000 new shares on the AIM market in February at a value of £2 per share. The cost of issuing new shares in the over-subscribed placing was £359,713. These costs have been offset against the share premium account.

During the period 561,169 share options were exercised at exercise prices ranging between 175 pence and 226 pence with a par value of 20 pence. The total proceeds were £444,699 of which £112,233 was recognized as share capital and £332,466 as share premium.

During the period 592,000 options were granted to employees, including 132,500 to Gerry Tucker, a director. Grants to employees who left in the period resulted in lapses of 173,647 options in the six months to June 2013.

At the end of the six month period ended 30 June 2013 2,539,545 (June 2012: 3,145,294) share options were outstanding.

8. Publication of non-statutory accounts

The condensed consolidated interim financial information was approved by The Board of Directors on 16 September 2013. They are unaudited but have been reviewed by the auditors and their report in included within this note.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The figures for the period ended 31 December 2012 have been extracted from the Statutory Financial Statements of Bango plc, which have been filed with the Registrar of Companies. The auditor's report on those financial statements is unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The interim financial information for the six months to 30 June 2013 is unaudited, and the information for the six months ended 30 June 2012 has been extracted from both unaudited management accounts and part of the audited financial statements year ended 31 March 2012.

The interim report together with an analysts briefing presentation will be distributed to all shareholders shortly and will be available on the Company's investor blog at www.bangoinvestor.com.

INDEPENDENT REVIEW REPORT TO BANGO PLC

INTRODUCTION

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 June 2013 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes (1 to 8). We have read the other information contained in the half yearly financial report which comprises only the Summary, CEO's Statement and CFO's Statement, and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2**,** the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2**.**

GRANT THORNTON UK LLP
Chartered Accountants
Auditor
Cambridge
16 September 2013