24 September 2014
Embargoed until 07:00

BANGO plc
("Bango")

Interim Results

Bango (AIM: BGO), the mobile payments company, today announces its unaudited Interim Results for the six months ended 30 June 2014.

1h2014 Operational highlights

- Continued expansion of Direct Carrier Billing integrations worldwide for Bango integrated app stores including Google, Amazon, Microsoft, BlackBerry and Mozilla
- Mobile carrier billing routes for app stores grew to 130 direct activations (vs. 112 by September 2013) including new Google, Microsoft and Mozilla activations
- Pipeline of new app store activations increased by more than 30
- New activity in emerging markets with Etisalat UAE, Saudi Telecom and Mobily Saudi Arabia, Mobinil Egypt, Telkom South Africa, Telefónica Chile, Iusacell in Mexico and Telenor Hungary
- Announced Etisalat operator group deal to establish Bango as the app store integration platform across Etisalat 18 countries
- Deployed additional Bango datacenter to provide future growth capacity and increased resilience – subsequently shortlisted for 2014 datacenter of the year award.

1h2014 Financial highlights

- End user spend £10.74m up 63% on 1h2013, entering 2h2014 with £29m annualized rate
- Gross profit on end user spend up 24% to £0.28m compared with 1h2013
- Margin on end user spend 2.6% (2013 2.3%), within target range of 2-5%
- Platform fees reduced as pricing shifted from up front model to monthly fees for Mobile Network Operators (MNOs) to accelerate pace of operator integrations and provide recurring revenue base
- Total gross profit £0.71m (1h2013: £1.20m)
- Adjusted LBITDA* -£1.85m (1h2013: -£1.18m) reflecting the planned and managed increased investment in people and technology during 2013 as previously announced. Current installed capacity is designed to support end user spend up to approx. £600m ($1Bn) annualized rate
- Cash of £2.65m on 30 June 2014 (£5.11m on 31 December 2013)

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

Post period highlights

- Amazon Appstore now live using Bango for Direct Carrier Billing (September 2014)
- Deutsche Telekom group deal for app store purchases (August 2014)
- Agreement with major global App Store for direct operator billing (announcement with further details in 2h2014)

Results for the period do not include any material end user spend from the agreement signed with Amazon, but do include costs relating to the establishment and operation of this relationship.

Ray Anderson, Chief Executive Officer of Bango, commented: "In the first half of 2014 Bango demonstrated good progress with both parts of its strategy for market leadership and growth. Firstly, more MNOs (Mobile Network Operators) have integrated with the Bango Platform to offer their billing capabilities to app stores. Secondly, the leading app stores have activated more Direct Carrier Billing through the Bango Platform into existing and new MNO integrations.

“The resulting significant and accelerating growth in end user transaction value demonstrated in the data Bango has released today shows that this strategy is working well. The pipeline of further Bango activations for the major app stores and additional MNO integrations is strong and growing. This gives the Bango team great confidence that we are on a speedy path to delivering multiples in end user spend, and producing the financial success to validate our strategic success with our major partners.

“Bango has established several very important agreements during 2014, including group-wide MNO deals with Etisalat and Deutsche Telekom. Bango was also delighted to announce that Amazon is now using the Bango Platform for Direct Carrier Billing as part of the relationship announced in 2011. In addition Bango is announcing today that it has closed an agreement with another major app store to deploy Direct Carrier Billing using the Bango Platform – more details will be provided in an announcement later in 2014.

“With a stable cost base able to handle 20 times current end user spend and rapidly rising transaction volumes driven by MNOs and app stores integrated with the Bango Platform, Bango has the technical platform, MNO integrations and app store partnerships to benefit from this thriving digital content economy.”

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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 and Windows Phone Store (NASDAQ: MSFT). Visit: bango.com

CEO's Statement

Introduction

Bango is established as the provider of Direct Carrier Billing for the world's leading mobile app stores.

Mobile carrier billing is a compelling proposition because it enables smartphone users to make purchases for apps, games and content without the need to own or register a credit card. Bango provides Direct Carrier Billing that can be one-click – streamlining payment on a smartphone and hugely increasing purchase conversion rates. This boosts sales for app stores and their developers. The Bango Platform provides one-click payment on smartphones, tablets, PCs and other devices.

All leading app stores that use mobile carrier billing – including Amazon, Google, Microsoft, BlackBerry and Mozilla have now integrated with the Bango Platform.

Any MNO (Mobile Network Operator) can now simply request an integration with the Bango Platform and then they can immediately provide their billing capabilities to all the leading app stores. App stores in turn gain access to the billing capabilities of all Bango integrated MNOs – subject to them agreeing commercial terms – with no need for complex and time consuming integration or testing.

Bango removes the technical and much of the commercial complexity of activating payments worldwide. Speedy, reliable and secure Bango technology greatly increases sales conversions through unique technologies. Common reporting, systems monitoring and customer care services also streamline the management of live billing routes and offer analysis that could not be achieved without the Bango Platform approach.

Bango also provides app stores with other means of payment where carrier billing is not yet available, or where the MNOs do not yet have sufficiently robust infrastructures to support app stores. For example Bango provides credit card payments for the Mozilla Firefox Marketplace.

Bango has two elements to its growth strategy:

(1) Integration of MNOs that want to provide their payment services to the major app stores. MNOs pay a monthly fee to access the Bango Platform which is connected to all significant app stores as an alternative to an expensive and time consuming integration with each individual app store.

(2) Integration of major app stores as they decide to grow revenue through Direct Carrier Billing. Then activate pre-integrated MNOs or add new MNOs as app stores reach commercial terms with those MNOs.

1h2014 Overview

In the first half of 2014 Bango demonstrated good progress with both parts of our strategy for market leadership and growth.

More MNOs have integrated with the Bango Platform and the app stores have activated more billing through MNOs integrated with the Bango Platform and this is driving growth in transaction volumes. Accelerated growth is demonstrated in this set of results and our pipeline of further roll-outs is strong and growing, as evidenced by material developments since June 2014. This progress provides confidence that multiples in end user spend is achievable in the near term.

In addition to integrating with many more individual MNOs, Bango has been successful in establishing group deals with Etisalat Group and Deutsche Telekom. A group deal means that the operating countries within a group are directed to use Bango as the route to app store integration. This brings additional benefits to the MNO groups – standardized transaction reporting and control over billing routes, increased reliability and comparative analytics. The benefit to Bango is a faster path to integration and the ability to provide app stores with easier access to customers in multiple markets.

MNOs see great value in supporting Bango as the global platform that will make carrier billed payments as easy for app stores to offer their customers as credit card payments. It is very satisfying to see MNOs demonstrate their support for Bango as a global standard by announcing that they will use the Bango Platform for every app store they launch.

Transaction volumes grew across existing activations of major app stores due to increasing success by Google Play in particular and by new activations taking app stores into new regions, especially in the last two months of the half year. Bango is encouraged by the acceleration in end user spend even with only the first few of potentially dozens of new activations in the pipeline.

End user spend is the value of all payments made by users for content or services less taxes through the Bango Payments systems and is therefore the most meaningful measure of growth. During the first half of 2014, end user spend increased by 63% to £10.7m. Significant growth in transaction volumes were seen towards the end of the half due to the timing of activations. The pace of growth entering the second half of the year showed additional acceleration with the annualized run rate in July of £29m.

Gross profit on end user spend was up 24% to £0.28m, reflecting the increased mix of agency business and margin remained within the target range.

Bango announced on 17 September 2014 that Amazon had gone live. Bango is extremely excited to report that it is already seeing users of Amazon's app store making payments through the Bango Platform. We have been working with Amazon for almost three years and this is an important milestone in the two companies' relationship, and an important endorsement of the Bango carrier billing technology.

Bango has also been working hard in 1h2014 to integrate a major global app store with the Bango Platform. Bango is delighted to have concluded a commercial deal with this key industry player, and we expect to announce more details about this agreement later in 2014.

Bango has the leading technology, industry leading app store partners and the greatest global direct carrier payments reach. It has a central and optimum position to leverage further growth in what is a large and growing market. In the year to June 2014, app stores sold $18bn* worth of games, music, movies, books and a vast range of other applications. Sales for 2014 will grow to exceed $23bn*, and there are strong signs that this pace of growth will continue over the next 5 years. In addition, increasing regulation to protect consumers is eliminating Premium SMS as an option in many markets and providing an impetus to adopt the Bango offering.

Bango has now completed the plan announced in early 2013 to invest in building out its infrastructure and operational capability in preparation for future surges in transaction volumes, and to ensure continuous delivery of 'quality at scale'. The modest increase in the cost base to £2.56m in the first half of 2014 (1h 2013: £2.38m) reflects the enhancements to Bango's systems and processes implemented in 2013.

These investments to deliver quality at scale reduced total gross profit in the first half, even though profit on end user spend grew during the period. The currently installed and operational capacity is designed and tested to comfortably handle more than 20 times the highest monthly transaction volume yet seen – giving an estimated annual processing capacity of approximately £600m (approximately $1bn) therefore management do not expect any material further growth in expenditure on infrastructure until transaction volumes have increased at least tenfold.

With a stable cost base going forward and rapidly rising transaction volumes driven by MNOs and app stores integrated with the Bango Platform, Bango has the technical platform, MNO connections and app store partnerships to benefit from this thriving digital content economy.

** Based on figures published by Apple, Google and Bango estimates*

MNO Integrations

The focus has been on increasing the number of MNOs integrated into the Bango Platform for carrier billing so that app store partners can bill more of their customers through the expanding and global Bango network.

There are more than 700 MNOs worldwide. Bango estimates that around 200 of these have billing systems that can provide the reliability and predictability to enable billing of a standard necessary to support the major app stores. Bango focusses on integrations with MNOs that are in markets desired by the major app stores, driven by app stores with strongest immediate desire for carrier billing - BlackBerry, Mozilla and Microsoft.

Recently launched carrier billing integrations include: Etisalat in UAE, Saudi Telecom and Mobily in Saudi Arabia, Mobinil in Egypt, Telkom in South Africa, Telefónica in Chile, Telefónica in Mexico and Telenor in Hungary. Bango outlined in 2013 that it intended to support app stores in developing opportunities in emerging markets, and has made significant progress. In many cases, the connection with Bango is the first time that these MNOs have enabled charge-to-bill for app stores.

During the first half of the year good progress was made and 7 new MNOs were integrated with the Bango Platform which Bango estimates will reach around 1.6bn users globally. The MNO integration pipeline has now grown to over 30 additional opportunities, with 8 of these already underway.

The emergence of group-wide MNO partnerships is an encouraging trend for Bango. These relationships greatly accelerate Bango integrations across the MNOs' geographic footprint. The MNO group not only saves time and money but also gains central control and management of app store transactions and access to Bango expertise and technology for internal projects.

- Etisalat group deal – strategic partnership announced in June 2014 with the telecoms giant with operations in 19 counties across the Middle East, Africa and Asia. The Bango Platform is powering Google Play payments in UAE and also the BlackBerry World store. Through the agreement, Etisalat was the first MNO to offer carrier billing for Google Play users in the Middle East; a substantial growth market where 44% of the population is under 20 years old and hungry for digital content.

- Deutsche Telekom group deal – having worked with T-Mobile companies for several years, this partnership announced by Bango in August 2014 enables Deutsche Telekom to accelerate carrier billing deployment to its subscribers across six of its operating companies in the remainder of 2014, and is expected to expand to additional operating companies in 2015. Deutsche Telkom has a significant reach, particularly across developed European markets.

App store progress

- *6 MNOs active with Google Play*
- *6 MNOs active with Mozilla Firefox Marketplace*
- *4 MNOs active with Microsoft Windows Phone Store*
- *78 MNOs active with BlackBerry World*
- *10 other active MNOs integrations with Facebook, Mozilla, Samsung underway*
- *1 MNO active with Amazon post period*
- *Another major app store partner*

Google Play

The largest contributor to growth in end user spend in the first half of the year was from growth in Google Play transaction volume from existing activations across five MNOs plus the addition of a new activation at the end of the half. Google Play offers a comprehensive range of music, books, movies and apps to hundreds of millions of Android users around the world.

As well as additional Google Play launches delivered through our platform, Google announced the availability of Direct Carrier Billing to Android tablet users as well. The growth potential for Google Play app store transactions is huge. With over 100 Direct Carrier Billing integrations active, the majority put in place initially for BlackBerry, there is a big opportunity to activate Google and other Android app store coverage through these MNO integrations.

Several further MNOs are in the final stages of test prior to activation and Bango is in negotiations to activate dozens more.

Mozilla Firefox Marketplace

Bango signed a global payment services agreement with Mozilla Corporation in June 2013, and activated the service in August 2013 for Firefox's initial launch territories. It is expected that in many developing markets, the low-cost and simplicity of Firefox OS devices will drive significant volumes which in turn will increase the sales of apps through the Firefox market.

Microsoft Windows Phone Store

The first Bango integration for the Windows Phone Store was Indosat in Indonesia in June 2013. Since then 3 new routes have been activated and many more are underway. The folding of Nokia into Microsoft and the alignment of all activity around one phone platform validates Bango's strategy of focusing on the Microsoft smartphone platform, and not integrating the legacy Nokia phone store.

BlackBerry World

BlackBerry World uses the Bango Platform and carrier billing integrations to collect payments from 78 MNOs across North America, Europe, South America and Asia. While BlackBerry has seen its business decline in developed markets, it has maintained activity in emerging markets such as Indonesia where Direct Carrier Billing is very valuable.

In addition BlackBerry has started to deploy a cross platform version of BlackBerry Messenger on Android and iOS which will most likely leverage its billing relationships available through Bango to bill iOs and Android users.

Amazon

The Bango agreement with Amazon was announced in December 2011. After the end of the half year, on 17 September 2014 an announcement was made that the Amazon Appstore was now active using Bango in Germany. Whilst it is extremely exciting that this project is now moving into early deployment phase, and a major endorsement of mobile carrier billing, it is too early at this stage of the relationship to announce or predict roll-out plans.

Product and Platform

The Bango Payment Platform provides the market leading technology, enabling digital merchants to smoothly collect money from their customers. Bango delivers an unrivalled user experience, increasing the sales success and minimizing the risk. Patented Bango BillRank and cloud-based identification technology ensures precise selection of payment methods, accurate user identification and high payment success.

The Bango development team is continuing to innovate - in particular to provide the benefits that only Bango with its unique role as common platform can deliver to app stores and MNOs. The process for integrating carrier-billed payments into app stores through Bango takes a few weeks, which is many months shorter than MNOs achieve integrating directly. Recently Bango integrated an MNO in two weeks, providing payment services to app stores that otherwise could take several months to initiate. These platform efficiencies offer considerable advantages to both the MNO and the app store, not least of which is faster time to revenue from end user spend.

Dashboard

Bango Dashboard was launched in February 2014 at the Apps World conference in San Francisco, US. It is an operator-focused evolution of Bango Analytics that enables MNOs to see real-time data on app store sales, billing activity and monitor billing platform performance. This capability enables

MNOs to accurately measure and compare their app store relationships, manage their billing systems and build better engagements with the subscriber base through a precise understanding of consumer behavior. It is offered to MNOs on a per-seat subscription basis.

Market overview

Bango continues to consolidate its strong position in developed smartphone markets and in parallel is focusing sales and marketing efforts in emerging markets.

The worldwide smartphone market grew 25.3% year over year in the second quarter of 2014, establishing a new record of 301.3 million smartphone shipments in a given quarter. This is the first time that quarterly smartphone shipments have surpassed the 300 million unit mark, representing a major milestone for the industry (IDC 2014). Juniper Research in June 2014 acknowledged that mobile commerce is the fastest growing trend within the mobile industry and that mobile is 'the key ecosystem for the digital economy today'. It is estimated that the value of digital content billed via Direct Carrier Billing will increase from approximately €790 million last year to more than €5.2 billion in 2017, representing average annual growth over the forecast period of 46%.

An important part of the mobile commerce ecosystem is apps. Gartner predicts that by 2017, mobile apps will be downloaded more than 268 billion times, generating revenue of more than $77 billion. For many, carrier billing is the preferred payment method throughout mobile markets worldwide; the option of carrier billing makes consumers five times more likely to complete an app store purchase than if they used a credit card. Across Europe more than 283 million users do not own a credit card, but at the same time the handset penetration is over 120%, making carrier billing a great monetization opportunity, according to Juniper research.

Market changes related to the increased regulations driving out the old premium SMS model are driving the move to a Bango Direct Carrier Billing model, and strengthened its competitive advantage.

Outlook

Bango is well positioned to capitalize on the extraordinary consumer appetite for smartphones and for digital content and services. Bango has leading technology, strong app store relationships, and an unmatched existing network of MNO integrations. Bango is therefore in an advantageous position from which to capitalize on future growth in this large and expanding market.

Bango's business performance in delivering on the two core elements of the strategy during the first half of 2014 has been very encouraging. MNO integrations and group-wide deals have increased during the period and app stores are using more of these integrations, which in turn is driving substantially increased end user spend.

Bango expects the number of MNO integrations and the speed of app store activations to accelerate during the next 12 months. Carrier billing as a payment method remains in the early stages of adoption and, as it becomes more widely adopted, Bango anticipates a step change in the levels of end user spending activity through the Bango Platform.

The cost structure has been increased to support the final phase of system expansion to handle this future growth but is now stable at £5m per annum. This cost base will support Bango in its next phase of accelerated growth. Bango is intensely focused on growing transaction volumes for apps and digital content, and supporting the success of its app store partners as they grow their businesses backed by unique and valuable Bango technology and know-how.

Ray Anderson

Chief Executive Officer

CFO's Statement

1h2014 Financial review

Results for the period do not include any material income from the agreement signed with Amazon but do include costs relating to the establishment of this relationship.

End user spend

Bango views end user spend as a Key Performance Indicator for its business, which is a non IFRS measure of transactions processed through the Bango Payments Platform.

End user spend for 1h2014 was £10.7m, up 63% on 1h2013 (1h2013: £6.6m). The growth can be primarily attributed to smartphone transactions through major app stores, with significant contributions from Google Play and BlackBerry World, and increases in the number of territories where these app stores are integrated with the Bango Payment Platform.

Margin on End User Spend

Margin on end user spend was 2.6% (FY2013: 2.3%), within the long term target range of 2-5%. This reflects the increased proportion of agency related business.

Total Turnover

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.

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

- 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.
- Platform services fees are a blend of fees for connection to the Bango Platform and also analytics

Total turnover for the period was £3.0m (1h2013: £4.5m), this reflects the inclusion of agency fees in the end user activity.

Gross profit

Gross profit from platform services, which includes analytics fees and fees for integration with the Bango Platform, amounted to £0.44m in the first half (1h2013: £0.99m) reflecting the shift in the pricing model from upfront fees to monthly fees for Mobile Network Operators (MNOs) to accelerate pace of operator integrations and provide recurring revenue base.

Total gross profit was £0.71m, down 40% (1h2013: £1.20m), largely reflecting the change in the method of charging platform services fees, as outlined above.

Margin on end user activity grew 24% to £0.28m (1h 2013: £0.22m), reflecting the mix of rates from a combination of the agency and principal model.

Total margin expressed as a percentage of turnover was 23.5% (1h2013: 26.4%).

Costs

The cost base reflects the planned and managed investment in people and technology. There has been an increase in spend of £80k per month to approximately £5m per annum, as Bango continues to develop its products and ensure resilience and scalability in the platform to prepare for further progress with global partners.

The cost base remains stable and no further significant increases are anticipated. At current levels the Bango Platform can process more than 20x current transaction volumes – equivalent to approximately £600m per year (approximately $1bn per year).

Total operating costs excluding depreciation, amortisation and share based payment increased by 8% to £2.56m over 1h2013 (1h2013: £2.38m, FY2013: £5.09).

LBITDA, adjusted to account for share based payments for the period ended 30 June 2014, amounted to -£1.85m. This represents an increased loss of £0.67m compared with -£1.18m for the period ended 30 June 2013 (FY2013: -£3.02m).

Following an increase to £0.61m (1h2013: £0.43m, FY2013: £1.44m) in charges for depreciation and amortization as more benefits came on stream from capitalised R&D and, a decrease in share based payments charges to £0.18m (1h2013: £0.21m, FY2013: £0.47m), the loss after tax was £2.52m compared to £1.72m to 30 June 2013.

Loss per share

Loss per share 5.51p (1h2013: 3.87p).

Balance sheet

Cash balances stood at £2.65m at 30 June 2014 (£5.11m on 31 December 2013, £7.20m on 30 June 2013).

Cash flow

Bango had a negative operating cash flow of -£1.72m (1h2013: -£0.82m) in the half with a cash balance of £2.65m at the period end.

Analysis of 1h2014 financials

	1h2014	**1h2013**	**FY2013**
	Six months to 30 June 2014	Six months to 30 June 2013	Year to 31 December 2013
	Unaudited	Unaudited	Audited
	£m	£m	£m
Alternative performance measure (Non-IFRS)			
End user spend	10.74	**6.60**	**15.55**
Turnover			
End user activity[1]	2.59	3.57	7.07
Other fees[2]	0.44	0.97	1.71
Total Turnover	**3.03**	**4.54**	**8.78**
Gross profit			
End user	0.28	0.22	0.36
Other fees	0.43	0.97	1.71
Total gross profit	**0.71**	**1.19**	**2.07**
Margin %			
Total margin %	*23.6%*	*26.4%*	*23.5%*
Operating costs	(2.56)	(2.38)	(5.09)

Adjusted LBITDA	**(1.85)**	**(1.19)**	**(3.02)**
Depreciation & amortisation	0.61	0.43	1.44
Share based payment charge	0.18	0.21	0.47
Loss before tax	(2.64)	(1.83)	(4.93)
Loss after tax	**(2.52)**	**(1.72)**	**(4.74)**
Cash net of borrowings	**2.65**	**7.20**	**5.11**
Basic loss per share	(5.51)p	(3.87)p	(10.53)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.

[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 2014

	Note	Six months ended 30 June 2014 Unaudited £	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
Alternative performance measure (Non-IFRS)				
End user spend		**10,740,254**	**6,597,317**	**15,551,220**
Turnover		3,032,778	4,537,526	8,788,454
Attributable to digital merchants		(1,695,870)	(2,537,107)	(5,082,905)
		1,336,908	**2,000,419**	**3,705,549**
Cost of sales – payment providers		(622,603)	(803,547)	(1,637,202)
Gross profit		**714,305**	**1,196,872**	**2,068,347**
Other administrative expenses		(2,563,254)	(2,381,382)	(5,086,996)
Share based payments		(180,000)	(206,154)	(474,958)
Depreciation		(259,829)	(175,248)	(408,030)
Amortization		(347,164)	(253,700)	(1,032,341)
Total administrative expenses		**(3,350,247)**	**(3,016,484)**	**(7,002,325)**
Operating Loss		**(2,635,942)**	**(1,819,612)**	**(4,933,978)**
Interest payable		(12,824)	(11,365)	(31,304)
Investment income		8,002	4,309	35,906
Loss before taxation		**(2,640,764)**	**(1,826,668)**	**(4,929,376)**
Income tax		124,000	105,000	189,904
Loss and total comprehensive loss for the period attributable to equity holders of the company		**(2,516,764)**	**(1,721,668)**	**(4,739,472)**
Loss per share attributable to the equity holders of the Company				
Basic loss per share	**5**	(5.51)p	(3.87)p	(10.53)p
Diluted loss per share	**5**	(5.51)p	(3.87)p	(10.53)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 2014

As at:

	Note	30 June 2014 Unaudited £	30 June 2013 Unaudited £	31 December 2013 Audited £
ASSETS				
Non-current assets				
Property, plant and equipment		1,042,264	850,239	709,632
Intangible assets		3,551,805	3,531,246	3,377,872
		4,594,069	**4,381,485**	**4,087,504**
Current assets				
Trade and other receivables		1,599,423	2,470,597	1,988,687
Research and development tax credits		313,904	266,049	189,904
Cash and cash equivalents		2,651,688	7,196,174	5,110,366
		4,565,015	**9,932,820**	**7,288,957**
Total assets	**4**	**9,159,084**	**14,314,305**	**11,376,461**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**7**	9,135,943	9,108,837	9,122,069
Share premium account	**7**	17,710,617	17,664,829	17,684,376
Merger reserve	**7**	1,236,225	1,236,225	1,236,225
Other reserve	**7**	2,148,834	1,700,030	1,968,834
Accumulated losses	**7**	(23,665,820)	(18,131,252)	(21,149,056)
Total equity		**6,565,799**	**11,578,669**	**8,862,448**
LIABILITIES				
Current liabilities				
Trade and other payables		1,858,187	2,237,310	2,086,485
Finance lease liabilities		292,215	119,043	147,246
		2,150,402	**2,356,353**	**2,233,731**
Non-current liabilities				
Finance lease liabilities		442,883	379,283	280,282
		442,883	**379,283**	**280,282**
Total liabilities	**4**	**2,593,285**	**2,735,636**	**2,514,013**
TOTAL EQUITY AND LIABILITIES		**9,159,084**	**14,314,305**	**11,376,461**

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

Consolidated Cash flow Statement
for the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 Unaudited £	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
Net cash used by operating activities	**6**	**(1,723,085)**	**(818,062)**	**(2,526,074)**
Cash flows used by investing activities				
Purchases of property, plant and equipment		(592,377)	(397,998)	(479,000)
Addition to intangible assets		(521,097)	(506,999)	(1,132,266)
Interest received		8,002	4,309	35,906
Purchase of shares		(84)	-	-
Net cash generated used by investing activities		**(1,105,556)**	**(900,688)**	**(1,575,360)**
Cash flows generated from financing activities				
Proceeds from issuance of ordinary shares		40,115	6,944,699	6,977,478
Costs associated with issuance of ordinary shares		-	(359,713)	(359,713)
Interest payable		(12,824)	(11,365)	(31,304)
Capital payable on finance lease obligations		(193,954)	(10,391)	(81,189)
Capital from finance lease obligations		501,524	-	369,762
Net cash generated from financing activities		**334,861**	**6,563,230**	**6,875,034**
Net (decrease)/increase in cash and cash equivalents		**(2,493,780)**	**4,844,480**	**2,773,600**
Cash and cash equivalents at beginning of period		5,110,366	2,327,444	2,327,444
Exchange differences on cash and cash equivalents		35,102	24,250	9,322
		5,145,468	**2,351,694**	**2,336,766**
Cash and cash equivalents at end of period		**2,651,688**	**7,196,174**	**5,110,366**

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 2014

	Share capital	Share premium account	Merger reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£
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**
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	-	-	-	474,958	-	474,958
Exercise of share options	125,465	352,012	-	-	-	477,477
Issue of new shares	650,000	5,490,288	-	-	-	6,140,288
Transactions with owners	**775,465**	**5,842,300**	**-**	**474,958**	**-**	**7,092,723**
Loss for the year	-	-	-	-	(4,739,472)	(4,739,472)
Total comprehensive income for the year	-	-	-	-	(4,739,472)	(4,739,472)
Balance at 31 December 2013	**9,122,069**	**17,684,376**	**1,236,225**	**1,968,834**	**(21,149,056)**	**8,862,448**
Balance at 1 January 2014	**9,122,069**	**17,684,376**	**1,236,225**	**1,968,834**	**(21,149,056)**	**8,862,448**
Share-based payments	-	-	-	180,000	-	180,000
Exercise of share options	13,874	26,241	-	-	-	40,115
Transactions with owners	**13,874**	**26,241**	**-**	**180,000**	**-**	**220,115**
Loss for the period	-	-	-	-	(2,516,764)	(2,516,764)
Total comprehensive income for the period	-	-	-	-	(2,516,764)	(2,516,764)
Balance at 30 June 2014	**9,135,943**	**17,710,617**	**1,236,225**	**2,148,834**	**(23,665,820)**	**6,565,799**

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, Cambridge CB4 1YG.

The interim financial statements have been approved for issue by the Board of Directors on 23 September 2014.

2. Basis of preparation

The condensed interim financial information for the half year ended 30 June 2014 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 year ended 31 December 2013.

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

The cash flow forecasts of Bango anticipate increased cash generation from trading operations, therefore the Directors have a reasonable expectation that there are adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

3. Principal accounting policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2013.

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

4. Segment reporting

(a) End user spend
Bango has identified End user spend a non IFRS alternative performance measure as its key performance indicator on which all management decisions surrounding investment in the platform and development of intangible assets is based. Due to the complex contracts in place the turnover figure in the accounts is a mixture of gross transaction value where Bango is principal and margin only where Bango is the agent. This is to comply with relevant accounting rules, however, the key business decisions are based on the total value and volume of transactions that Bango has processed in each month through its payment platform. Therefore, to give additional information to key stakeholders of our accounts, we have included this additional reporting in order to assist users.

	Six months ended 30 June 2014 Unaudited £	**Six months ended 30 June 2013 Unaudited £**	**Year ended 31 December 2013 Audited £**
End user spend	**10,740,254**	**6,597,317**	**15,551,220**

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

Six months ended 30 June 2014

	End user activity	Platform Fees	Group	Total
	£	£	£	£
Segment turnover	2,597,171	435,607	-	**3,032,778**
Attributable to digital merchants	(1,695,870)	-	-	**(1,695,870)**
Cost of sales – payment providers	(622,603)	-	-	**(622,603)**
Segment gross profit	**278,698**	**435,607**	**-**	**714,305**
Administrative expenses	-	-	(2,563,254)	(2,563,254)
Share based payments charge	-	-	(180,000)	(180,000)
Depreciation	-	-	(259,829)	(259,829)
Amortization	-	-	(347,164)	(347,164)
Interest payable	-	-	(12,824)	(12,824)
Interest income	-	-	8,002	8,002
Segment net profit / (loss)	**-**	**-**	**(3,355,069)**	**(2,640,764)**
Segment assets	1,410,639	93,590	7,654,855	**9,159,084**
Segment liabilities	(1,543,460)	(39,815)	(1,010,010)	**(2,593,285)**
Net assets	**(132,821)**	**53,775**	**6,644,845**	**6,565,799**

Six months ended 30 June 2013

	End user activity	Platform Fees	Group	Total
	£	£	£	£
Segment turnover	3,565,477	972,049	-	**4,537,526**
Attributable to digital merchants	(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**
Administrative expenses	-	-	(2,381,382)	**(2,381,382)**
Share based payments charge	-	-	(206,154)	**(206,154)**
Depreciation	-	-	(175,248)	**(175,248)**
Amortization	-	-	(253,700)	**(253,700)**
Interest payable	-	-	(11,365)	**(11,365)**
Interest income	-	-	4,309	**4,309**
Segment net profit / (loss)	**-**	**-**	**(3,023,540)**	**(1,826,668)**
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**

Year ended 31 December 2013

	End user activity	Platform Fees	Group	Total

	£	£	£	£
Segment turnover	7,074,780	1,713,674	-	**8,788,454**
Attributable to digital merchants	(5,082,905)	-	-	**(5,082,905)**
Cost of sales – payment providers	(1,637,202)	-	-	**(1,637,202)**
Segment gross profit	**354,673**	**1,713,674**	**-**	**2,068,347**
Administrative expenses	-	-	(5,086,996)	**(5,086,996)**
Share based payments charge	-	-	(474,958)	**(474,958)**
Depreciation	-	-	(408,030)	**(408,030)**
Amortization	-	-	(1,032,341)	**(1,032,341)**
Interest payable	-	-	(31,304)	**(31,304)**
Interest income	-	-	35,906	**35,906**
Segment net profit / (loss)	**-**	**-**	**(6,997,723)**	**(4,929,376)**
Segment assets	1,385,711	44,922	9,945,828	**11,376,461**
Segment liabilities	(1,086,442)	-	(1,427,571)	**(2,514,013)**
Net assets	**299,269**	**44,922**	**8,518,257**	**8,862,448**

Turnover from end user activity is the content access fees paid by end users for accessing chargeable content provided by digital merchants. Gross profit for this segment is after both digital merchants 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 digital merchants for provision of content sold by Bango to end users.

Platform Fees are the amounts paid to Bango by digital merchants 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.

c) The Group's turnover from external customers are divided into the following geographical areas:

Six months ended 30 June 2014

	United Kingdom	Rest of EU	USA and Canada	Rest of World	Total
	£	£	£	£	£
Turnover	236,723	53,575	498,840	2,243,640	**3,032,778**

Six months ended 30 June 2013

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

Year ended 31 December 2013

	United Kingdom	Rest of EU	USA and Canada	Rest of World	Total
	£	£	£	£	£
Turnover	1,459,475	528,314	3,867,595	2,933,070	**8,788,454**

Turnover is reported based on the location of the customers. Most non-current assets are based in the UK, except for £90,852 of property, plant and equipment held in the USA.

5. Loss per share

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

	Six months ended 30 June 2014 Unaudited £	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
Loss attributable to equity holders of Bango Plc	**(2,516,765)**	**(1,721,668)**	(4,739,472)
Weighted average number of ordinary shares in issue	**45,673,068**	**44,439,653**	45,017,722
Basic loss per share	**(5.51)p**	**(3.87)p**	(10.53)p
Diluted loss per share	**(5.51)p**	**(3.87)p**	(10.53)p

At 30 June 2014 options over 3,105,074 (30 June 2013: 2,539,545) 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 2014 Unaudited £	Six months ended 30 June 2013 Unaudited £	Year ended 31 December 2013 Audited £
Loss for the financial period	(2,516,764)	(1,721,668)	(4,739,472)
Depreciation & amortization	606,993	440,121	1,440,371
Taxation in income statement	(124,000)	(105,000)	(189,904)
Investment income	(8,002)	(4,309)	(35,906)
Interest payable	12,824	11,365	31,304
Foreign exchange movement	(35,102)	(31,090)	(9,322)
Share-based payment expense	180,000	206,154	474,958
Decrease in receivables	389,264	279,248	202,662
Decrease in payables	(228,298)	(90,947)	(59,878)
	(1,723,085)	**(1,016,126)**	**(2,885,187)**
Corporation tax rebate	0	198,064	359,113
Net cash used by operations	**(1,723,085)**	**(818,062)**	**(2,526,074)**

7. Share capital

During the period 69,370 share options over 69,370 ordinary shares were exercised at exercise prices ranging between 28.75 pence and 166.5 pence with a par value of 20 pence. The total proceeds were £40,115 of which £13,874 was recognized as share capital and £26,241 as share premium.

During the period 443,000 options were granted to employees, including 32,500 to Gerry Tucker, a director. Grants to employees who left in the period resulted in lapses of 119,888 options in the six months to June 2014.

At the end of the six month period ended 30 June 2014 3,105,074 (30 June 2013: 2,539,545) share options were outstanding.

8. Publication of non-statutory accounts

The condensed consolidated interim financial information was approved by The Board of Directors on 23 September 2014. They are unaudited but have been reviewed by the auditors and their report is 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 2013 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. 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 2014 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 operational and financial highlights, CEO and CFO reports, 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 2014 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
23 September 2014