25 June 2012
Embargoed until 07:00

BANGO PLC
("Bango" or the "Company")

Final Results

Bango (AIM: BGO), the mobile web payments and analytics company, today announces its Final Results for the year ended 31 March 2012.

FY12 Financial Highlights

- Turnover for the year of £15.6m (FY2012: £19.3m)
- Gross Profit £2.29m (FY2011: £2.49m)
- LBITDA & SBP at £0.46m (FY2011: loss of £0.40m)
- Total loss after tax £0.93m (FY2011: loss of £0.70m) reflecting an increased amortization charge for previously capitalized R&D.
- Cash balance of £1.79m (£2.71m at 31 March 2011)
- Successful Placing in June 2012 of £3m net with existing shareholders

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

FY12 Operational Highlights

- Connected to in excess of 900 million consumers through more than 90 worldwide mobile operators
- Increased breadth of global reach; now including operators in South America and Asia
- Continuing momentum with industry leading names
  - Blackberry App World and Opera
  - New relationships with Facebook (Feb 2012) and Amazon (Dec 2011)
  - Post period relationships with Microsoft, Google Play and MasterCard
- Superior user experience enhanced through product development
  - Powerful payments platform enhanced through increased scalability
  - New services launched to support new large scale customers
- Bango Analytics volumes have more than doubled in 12 months
- Strengthening the management team underway, in process of recruiting COO and CFO
- New area of mobile wallets being developed

Ray Anderson, Chief Executive Officer of Bango, commented:

"It has been a pivotal year in Bango's development and we were delighted to have formed relationships with several industry leaders such as Facebook and Amazon. During the year Bango has further cemented its strategically central position within the smartphone marketplace, enhanced its already superior user experience and has simultaneously ensured that its powerful and unique platform is capable of supporting significant volumes of transactions.

"Looking forward, we expect to see continued growth in end user activity driven by our increased mobile network connections worldwide, alongside our increased pervasiveness with major industry names and services. Additionally, we will continue to grow our analytics product which is highly synergistic to the payments platform.

"Bango and the Board look forward to increasing success in the year ahead."

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Ray Anderson, CEO	Caroline Evans-Jones	Ken Fleming
Peter Saxton, CFO	Fiona Conroy	Beth McKiernan

About Bango

Bango (AIM: BGO) provides technology that enables commerce on the mobile web.

Bango enables businesses of all sizes to collect payment for Apps, music, games, virtual goods, videos and services sold to internet connected mobile phone users. Bango is able to charge payments to mobile phone bills or use other billing methods such as credit card based on intelligence about the consumer. Bango also provides an analytics service that provides accurate information about visitors and the effectiveness of marketing activities for mobile web sites.
Visit www.bango.com.

Chairman’s Statement

The year has been one of significant progress for Bango, in which its technology has clearly emerged as a leading platform for the collection of payments from web connected mobile device users.

The demonstration of Bango’s capabilities and reliability in powering the Blackberry App Store since late 2010 meant Bango was well positioned to capture the business of other large organizations wanting to easily collect payments from mobile device users for content, apps or virtual goods.

This year saw a marked increase in interest from some of the world’s largest content companies in mobile payments and in particular in the benefits of operator billing provided via Bango. There has been a growing understanding of the way that Bango can provide them not only broad reach through operator billing but also a superior user experience in comparison to alternatives.

This has led to agreements being announced towards the end of the financial year, and post period, with Facebook, Amazon, Microsoft and users of Google’s Android platform. These agreements provide a strong endorsement of Bango’s technology, reputation and capabilities.

Bango’s technology quickly, efficiently and safely processes the downloading of the current generation of apps, seamlessly facilitating the payments process alongside its various intricacies. There are three different models in use in the market in charging for apps; (1) during the download of an app, (2) during the use of an already downloaded app, and/or (3) for subscription based app services. Bango’s technology can be used for each of these models. In addition, Bango’s technology has been advanced so that it also works with newer HTML5 web technology which is being championed by Facebook and Google and is expected to become more important during the coming years.

Bango serves a large and growing market. The worldwide mobile content market is expected to surpass $64 billion by 2012, up from $20 billion in 2007, according to Juniper Research. The mobile application download market in particular is expected to show rapid growth, and is predicted by Gartner to reach $29.5 billion by the end of 2013, up from $4.2 billion in 2009.

To ensure that Bango can handle the levels of growth that are widely anticipated in the coming years, the Board has supported the CEO in strengthening the management team and Bango's presence in the United States, and in the investments necessary to ensure reliability and security as the business scales to meet market demand.

I would like to thank Bango's employees and partners for their unswerving efforts to make Bango a key player in this exciting, fast-growing, global industry.

David Sear
Chairman

CEO's statement

Introduction

Bango enables users to quickly and easily pay for digital content, services and virtual goods on their smartphone.

Bango has built a unique and powerful payments platform, which enables customers such as Facebook, RIM (Blackberry), Amazon, Microsoft, EA Games, Gameloft and other leading companies to collect payments from more than 900 million consumers by integrating the billing systems of more than 90 mobile operators around the world into a common platform.

In addition to reducing cost and time to market, Bango is able to provide a superior user experience and thereby more sales than a business could get by a simple direct connection to one or more billing systems. This is because a Bango enabled payment process benefits from a user's previous interactions across multiple content providers. It is a true cross-industry platform.

Bango also provides automated settlement, currency and tax management, risk management and reporting systems to reliably collect payments for content providers and powerful analytics to monitor user behavior and marketing.

Bango has focused its activities on the fast growing smartphone opportunity, which now makes up a large and growing part of the overall mobile device market, as well as on developing relationships to provide the payment platform for leading App Stores.

Blackberry App World Growth

Bango's first major App store customer, Blackberry App World™, went live in September 2010 and is now successfully collecting payments from more than 40 Mobile Network Operators across 34 countries. By March 2012 these connections covered mobile operators with approximately 360 million subscribers, compared with 116 million in March 2011. Dozens of additional integrations are underway covering a total of more than 900 million subscribers.

New territories include operators in South America and the first Asian operators which bring with them significant numbers of mobile users. These territories match the growth Blackberry has reported in emerging markets.

Developing relationships: Amazon, Facebook

Agreements were signed with Amazon in December 2011 and Facebook in February 2012 and, as expected, did not generate significant revenue during the financial year to March 2012. The relationships continue to develop and management is encouraged by the progress to date. In May 2012, Facebook announced the initial availability of Bango powered services to its developers as part of an improved mobile payments flow.

The Board continues to believe that it is too early in the relationships to accurately forecast the level of business which will be generated.

New relationships with Microsoft, Google Play and MasterCard

Bango continues to explore and progress new business opportunities and shortly after the year end announced that it had entered into a number of new relationships.

An agreement was signed with Microsoft relating to Bango payment services to add to Microsoft's existing mobile payment capabilities and relationships.

A number of Mobile Network Operators have approached Bango to use the Bango payment platform to connect their billing systems to the Google Play App Store for Android. The first such integration with Google started in May 2012.

Also in May 2012, MasterCard announced its relationship with Bango as a technology partner to support its new PayPass mobile wallet. This relationship enables Bango to quickly and easily collect payments from users with PayPass as an additional benefit of the use of the Bango platform for mobile operator and credit card billing. In the same way as a wallet holding credit cards, Bango's technology can be used to access bank credentials or pre-paid funds.

Mobile wallets are not currently widely used, but as they become more popular and are able to support more apps and web access, the Board believes that Bango is in a good position to build on this relationship. Wallet providers that integrate with Bango can achieve more rapid deployment of their services to a wide range of Bango connected digital merchants. From the merchant point of view, Bango can present a wallet if a user has it, based on previous interactions or information from the wallet provider – or otherwise promote an alternative payment method – significantly improving the user experience.

Analytics Growth

Growth in transaction volumes has continued from a wide range of mobile applications and websites including NBA, CNN, Thomson Reuters and Telefonica-O2. Driven by increasing deployment in mobile web sites and in downloaded applications, Bango Analytics transaction volumes have more than doubled in the last year.

During the second half, Bango Analytics was enhanced by increasing the range of mobile operating systems, improving HTML5 capabilities and adding a wide range of new reporting and exporting options.

In anticipation of future increases in volumes, a project was also undertaken during the year to develop and deploy a new processing architecture that will be able to handle 10x to 100x transaction volume growth.

There are technical and commercial synergies between the Bango Analytics product and the Bango Payments platform.

Strengthening the Management Team

With potential for significant growth in business from new and established customers, Bango has begun the process of recruiting a Chief Operating Officer to strengthen the management team and lead key operational functions currently reporting to the CEO or CFO. This is expected to strengthen Bango's capability to continue to deliver the high levels of service expected by our industry leading customers and partners as the business grows – especially in the USA. It will also assist Bango to further commercialize the opportunities that are now arising.

Board Changes

It was announced in the update on 21 May 2012 that following Peter Saxton's many years of service as Chief Financial Officer to Bango, he has notified the Board of his wish to retire. A schedule has been agreed to ensure an orderly hand-over to a new Chief Financial Officer, who we are currently actively recruiting. The process is expected to be completed by November 2012 and details of the successful candidate will be announced in due course.

Product development

There have been three areas of activity for Bango product development during the year:

(1) Operational scalability in the payment network

With increasing numbers of mobile operators connecting to Bango, the technology used to manage risk and ensure transactions can be processed in volume at very low cost has been developed significantly over the year.

In addition, the tools and frameworks used to technically integrate with new mobile operator payment systems have been re-designed to reduce the time and cost. Around 50 new direct billing systems were integrated over the year, bringing the total number of direct integrations to around 100. Bango wants to ensure that the pace of integrations can double in the coming year and double again in the following year to cover 400+ mobile network operators; providing coverage of the vast majority of the world's smartphone users for our customers.

(2) New Bango Payment and Analytics services

New services include further improvements in the unique Bango technology to identify and authenticate mobile device users. A patent has been filed by Bango relating to one of Bango's significant innovations which is likely to be used in the work with Facebook as well as for future customers.

Based on Bango's innovative identity model, a unique new method for measuring the effectiveness of mobile advertising in driving mobile App downloads was developed during the year. This is in particular generating significant new customer interest.

A range of new reports and export tools were developed and delivered to customers during the year to provide further value on top of the core functionality.

(3) R&D to support growing transaction volumes and numbers of customers

Bango has deployed new hardware and data-warehouse technologies to support increasing usage volumes. New services were developed to allow new large scale customers to securely extract accurate financial data without manual involvement within Bango.

Bango consistently and rigorously reviews procedures, capabilities, security, privacy and scalability plans with larger partners and content providers to be able to meet their present and future needs.

Financial performance

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

Bango has expanded its presentation of revenue to disclose gross income from end user activity and fees, which are reported as turnover and then separately discloses the amount attributable to content providers.

Turnover in FY2012 totaled £15.59m compared with £19.32m in the previous year, reflecting a decrease in low margin revenue from end user spend.

Gross income from end user activity reduced by 21% to £13.81m (FY 2011: £17.46m), mainly as a result of reduced marketing activity by content providers in the USA. This resulted in a decrease in end user gross profit to £0.51m (FY 2011: £0.64m).

Other fees generated revenues of £1.78m, showing a small reduction of £0.07m compared with the previous year, and gross profit of £1.78m (FY 2011: £1.86m).

As a result, gross profit totaled £2.29m compared with £2.49m in the previous year.

Administrative costs, before depreciation, amortization and the cost of share based payments, totaled £2.75m for the year (FY 2011: £2.90m), with a £0.3m reduction in salary costs related to the featurephone business being partially offset by an increase in costs associated with the establishment of the Amazon and Facebook relationships. This resulted in an adjusted EBITDA loss of £0.46m (FY 2011: £0.40m).

The charge for depreciation and amortization increased to £0.51m (FY 2011: £0.32m) as more of the previously capitalized R&D came into use during the year. The cost of share-based payments increased slightly to £0.14m (FY 2011: £0.12m), resulting in an operating loss of £1.11m compared with £0.84m in the previous year.

The loss after tax totaled £0.93m compared with £0.70m in the previous year. As a result of writing-off a claim against a third party which has resulted in a loss to Bango of about £63k; both the EBITDA loss and loss after tax have been affected.

During the year the operations of the group generated cash of £0.12m compared with a consumption of £1.23m in the previous year. £1.11m was invested in capitalized R&D compared with £1.03m in the previous year and overall cash balances reduced to £1.8m (FY 2011: £2.7m).

Raising of Additional Capital

At 31 March 2012 Bango had cash balances of £1.79m (2011: £2.71m). In June 2012 Bango placed 2,355,000 new ordinary shares at market price (representing 5% of the Company) with existing investors, raising £3m net of expenses. The additional capital was raised in order to increase the investment resources available at this critical time in Bango’s development, so that the pipeline of existing and future strategic relationships can be developed to their full potential.

Financial reporting periods

As already announced, Bango is aligning its fiscal year end to the calendar year. As a result, following the release of this set of results (for the twelve month period ending 31 March 2012), Bango will report on a nine-month trading period, from 1 April 2102 to 31 December 2012, by 31 March 2013. There will be no interim report produced for the period ending 30 September 2012.

Strategy and Outlook

It has been a pivotal year in Bango’s development and it has been encouraging to have formed relationships with several industry leaders during the year. Bango's strategy is to leverage its central position as a payments network in the smartphone marketplace and the Board believes it is well positioned with its unique and proven technology to benefit from the increased level of business activity in this space.

Bango’s competitively advanced platform is the result of considerable technical and commercial investment made over several years. Furthermore, following recently completed development work, the platform is capable of handling significant volumes of transactions.

Bango expects to see continued turnover growth in both end user activity and other fees, driven by an increasing number of content providers and a growing volume of transactions from existing content providers. The increasing geographical coverage delivered by new mobile operator integrations enables content providers with Bango to grow into these new markets. As is the nature of any platform, increased traction increases the inherent value and further solidifies our central positioning within the smartphone marketplace.

Bango continues to support RIM to drive the success of BlackBerry App World. Enabling success for thousands of BlackBerry app developers brings many benefits to RIM, mobile operators and Bango. In addition Bango is encouraged by the adoption of its technology by Facebook to support Android, iPhone and other platforms, as well as by the progress made with Amazon, Microsoft, and Google.

Bango will also continue to work to grow the use of its Analytics product, which not only provides high value to customers but is also highly synergistic with the payments platform.

On behalf of the Board, I would like to express my gratitude to Bango's partners and employees for their continued support. Working with mobile operators, content providers, billing companies and other commercial partners and investors, Bango looks forward to increasing success in the year ahead.

Ray Anderson

Chief Executive Officer

BANGO PLC

Unaudited results for the 12 months ending 31 March 2012

Consolidated income statement

	Note	2012 £	2011 £
Turnover	4	**15,594,589**	19,324,857
Attributable to content providers		**(8,653,899)**	(10,194,357)
		6,940,690	9,130,500
Cost of Sales – payment providers		**(4,651,676)**	(6,635,517)
Gross profit		**2,289,014**	2,494,983
Administrative expenses		**(3,401,813)**	(3,332,761)
Operating loss		**(1,112,799)**	(837,778)
Adjusted EBITDA		**(460,380)**	(403,200)
Depreciation		**(169,308)**	(152,939)
Amortisation		**(340,755)**	(164,073)
Share based payments		**(142,356)**	(117,566)
		(1,112,799)	(837,778)
Interest payable		**-**	(103)
Investment income		**469**	516
Loss before taxation		**(1,112,330)**	(837,365)
Income tax		**179,614**	141,280
Loss and total comprehensive loss for the financial year		**(932,716)**	(696,085)
Basic and diluted loss per share (pence)	5	**(2.43)**	(1.90)

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

BANGO PLC

Unaudited results for the 12 months ending 31 March 2012

Consolidated balance sheet
As at 31 March 2012

	2012	2011
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	**319,381**	240,620
Intangible assets	**2,797,246**	2,030,918
	3,116,627	2,271,538
Current assets		
Trade and other receivables	**3,267,023**	3,354,033
Cash and cash equivalents	**1,794,164**	2,713,226
	5,061,187	6,067,259
Total assets	**8,177,814**	8,338,797
EQUITY		
Capital and reserves attributable to equity holders of the parent company		
Share capital	**7,733,465**	7,580,482
Share premium account	**9,095,525**	8,917,009
Merger reserve	**1,236,225**	1,236,225
Other reserve	**1,241,158**	1,098,802
Accumulated losses	**(14,003,836)**	(13,071,120)
Total equity	**5,302,537**	5,761,398
LIABILITIES		
Current liabilities		
Trade and other payables	**2,875,277**	2,577,399
Total liabilities	**2,875,277**	2,577,399
Total equity and liabilities	**8,177,814**	8,338,797

BANGO PLC

Unaudited results for the 12 months ending 31 March 2012

Consolidated cash flow statement

	Note	2012	2011
		£	£
Net cash generated/(used) by operating activities	6	**122,880**	(1,228,970)
Cash flows used by investing activities			
Purchase of property, plant and equipment		**(248,069)**	(77,767)
Addition to intangible assets		**(1,107,083)**	(1,031,400)
Interest received		**469**	516
Net cash used by investing activities		**(1,354,683)**	(1,108,651)
Cash flows generated from financing activities			
Proceeds from issuance of Ordinary Shares		**331,499**	2,315,490
Interest payable		**-**	(103)
Net cash generated from financing activities		**331,499**	2,315,387
Net (decrease)/increase in cash and cash equivalents		**(900,304)**	(22,234)
Cash and cash equivalents at beginning of year		**2,713,226**	2,735,460
Exchange differences on cash and cash equivalents		**(18,758)**	-
		2,694,468	2,735,460
Cash and cash equivalents at end of year		**1,794,164**	2,713,226

BANGO PLC

Unaudited results for the 12 months ending 31 March 2012

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Accumulated losses £	Total £
At 1 April 2010	**7,176,989**	**7,005,012**	**1,236,225**	**981,236**	**(12,375,035)**	**4,024,427**
Share-based payments	-	-	-	117,566	-	117,566
Exercise of share options	43,649	39,547	-	-	-	83,196
Issue of new shares	359,844	1,872,450	-	-	-	2,232,294
Transactions with owners	**7,580,482**	**8,917,009**	**1,236,225**	**1,098,802**	**(12,375,035)**	**6,457,483**
Loss for the period	-	-	-	-	(696,085)	(696,085)
Total comprehensive income for the period	-	-	-	-	**(696,085)**	**(696,085)**
Balance at 31 March 2011	**7,580,482**	**8,917,009**	**1,236,225**	**1,098,802**	**(13,071,120)**	**5,761,398**
At 1 April 2011	**7,580,482**	**8,917,009**	**1,236,225**	**1,098,802**	**(13,071,120)**	**5,761,398**
Share-based payments	-	-	-	142,356	-	142,356
Exercise of share options	152,983	178,516	-	-	-	331,499
Issue of new shares	-	-	-	-	-	-
Transactions with owners	**7,733,465**	**9,095,525**	**1,236,225**	**1,241,158**	**(13,071,120)**	**6,235,253**
Loss for the period	-	-	-	-	(932,716)	(932,716)
Total comprehensive income for the period	-	-	-	-	**(932,716)**	**(932,716)**
Balance at 31 March 2012	**7,733,465**	**9,095,525**	**1,236,225**	**1,241,158**	**(14,003,836)**	**5,302,537**

BANGO PLC

Unaudited results for the 12 months ending 31 March 2012

Notes

1. General information

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

2. Basis of preparation

The Group has prepared these preliminary results in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006.

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

3. Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The presentation of revenue has been amended as set out in 3.9, to provide a more detailed analysis of the income and expenditure flows associated with end user activity due to the significant judgment as to the role of Bango as principal or agent in providing content to end users. No additional balance sheet (for 2010) is included as the balance sheet is unchanged from that previously presented.

<u>3.1 Property, plant and equipment</u>
Property, plant and equipment is stated at historical cost less accumulated depreciation. Residual values and useful economic lives are assessed annually. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Leasehold improvements	20% straight line
Office equipment	20% straight line
Computer equipment	10% - 33.3% straight line

<u>3.2 Intangible assets</u>
Intangible assets are measured initially at historical cost and are amortized on a straight-line basis over the expected useful economic lives:

Domain names	33.3% straight line
Internal Development	20% straight line

<u>3.3 Impairment of property, plant and equipment and intangible assets</u>
At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. Until completion of the development project when amortization can be charged on the intangible asset, the assets are subject to an annual impairment test. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use.

3.4 Research and development

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

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

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

The cost of an internally generated intangible asset comprises all direct attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on the project development. These costs are recognized as intangible assets. Development costs previously recognized as an expense are not included in the amount recognized as an asset. Until completion of the project, these assets are subject to impairment testing only. Amortization commences upon completion of the asset and is shown within administrative expenses in the statement of comprehensive income.

3.5 Loans and other receivables

Cash and cash equivalents

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

Trade and other receivables

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

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

3.6 Trade and other payables

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

3.7 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement, except where it relates to items recognized outside profit or loss. Tax relating to items recognized in other comprehensive income is recognized in other comprehensive income, and tax relating to items recognized directly in equity is recognized directly in equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

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

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

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

3.8 Operating lease agreements

Rentals applicable to operating leases where the risks and rewards of ownership are not transferred are charged to the income statement net of any incentives received from the lessor on a straight-line basis over the period of the lease.

3.9 Revenue recognition

Revenue is measured by reference to the fair value of consideration receivable by the Group for services provided, excluding VAT

3.9.1 End user activity

End user activity arises from the provision of mobile internet content to end users facilitated through mobile network operators and other payment providers. Some end users make a prepayment to the Group prior to accessing chargeable mobile internet content.

Revenue is recognized as turnover at the time at which end users access chargeable mobile internet content.

Where there has been no activity on an end user account for a period of 60 days, the balance remaining is released as turnover, in accordance with the end user terms and conditions, because of operating policies of mobile network operators relating to number reissue.

3.9.2 Judgements on end user activity

When applying the revenue recognition policy consideration is given to whether Bango acts as principal or agent in providing content to the end user.

The nature of Bango's business is that it facilitates a large volume of transactions in which content developed by a range of content providers is delivered to end users, payment for which is made via a number of potential payment routes.

The assessment as to whether Bango is principal or agent in the supply of content to an end user is highly judgemental and in most cases, gives rise to mixed indicators under IAS 18. This is because the terms and conditions between the numerous transacting parties vary significantly, giving rise to many dissimilar configurations of risk and rewards attributable to Bango.

Risks and rewards typically include, to varying degrees, content provider rate card price variance; payment provider refund risk; end user credit risk; foreign currency exposure and dormant balance returns.

In view of the volume and variety of transactions in question, management consider that it is not practicable to assess Bango's role in each individual transaction as principal or agent.

Also, management do not consider accounting as either principal or agent for all transactions faithfully presents Bango's role in these transactions. Presentation simply as agent would not adequately communicate the exposure to the risks and rewards associated with all transactions. Conversely, if Bango presented itself as principal, this may overstate the risks and rewards to which Bango is exposed.

On the grounds that the presentation of a single revenue number would be arbitrary, management has judged that the most useful information to present to a user would be a 'gross' turnover amount representing the total transaction amount and separately, the amount attributable to content providers in respect of those transactions. If Bango were entirely principal, revenue would be turnover, if Bango were entirely agent, revenue would be the net amount.

3.9.3 Other fees

Other fees includes revenue from the sale of access licences to content providers and is recognized evenly over the period of the contract since the services are provided evenly over this period.

Other fees also includes revenue from service contracts and is recognized in the financial statements over the period of the contract.

Other fees also includes revenue from services provided to mobile phone operators and content providers and is recognized in the financial statements over the period of the contract in proportion to the element of the services provided at the balance sheet date.

3.10 Employee benefits

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

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

3.11 Share-based payment transactions

The Group issues equity settled share-based compensation (share options) to certain employees (including directors). Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

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

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

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

3.12 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of the transaction. Exchange gains and losses are included in the profit or loss for the period.

3.13 Segment reporting

In identifying its operating segments, management recognize two service lines - the provision of a mobile payment platform allowing end users to purchase content, and the provision of services, including licence fees and analytics technology to provide accurate information about users, to content providers and other organizations. The turnover and margin generated from each of these segments is separately reported but where costs and assets are managed and used on a group basis, these are not allocated to a segment.

3.14 Financial instruments/ liabilities

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

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

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

Interest income and expenses are reported on an accrual basis using the effective interest method.

3.15 Share capital and reserves

Share Capital

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

Share premium

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

Merger reserve

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

Other reserve

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

Retained earnings

Retained earnings include all current and prior period retained profits.

3.16 Significant accounting estimates and judgements

Revenue recognition

As discussed in policy note 3.9 there are a number of key judgements taken by management in determining the most appropriate presentation of revenues generated from services to end users. Income has been reported gross with the separate disclosure of amounts attributable to content providers. As set out in 3.9.2, due to the variety and complexity of transactions, presentation of revenue as simply principal or agent does not adequately communicate the role of Bango in the transactions.

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

Deferred tax
A deferred tax asset is recognized where the Group considers it probable that a tax credit will be received in the future. This specifically applies to tax losses and to outstanding vested share options at the balance sheet date. No deferred tax asset is currently being recognized due to the unpredictability of future trading profits from which these differences may be deducted.

Development costs
Judgement is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at each balance sheet date. Economic success of any product development is uncertain at the time of recognition as it may be subject to future technical problems, and therefore impairment reviews are completed by project each balance sheet date.

4. Segment information

(a) The Group 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 the Group's headquarters and its research and development activity are considered group operations and are not allocated to any operating segment. No segment net profit analysis is therefore provided. Segment information can be analyzed as follows for the reporting periods under review.

Year ended 31 March 2012

	End user activity	**Other fees**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment turnover	13,811,690	1,782,899	-	**15,594,589**
Attributable to content providers	(8,653,899)	-	-	**(8,653,899)**
Cost of sales – payment providers	(4,651,676)	-	-	**(4,651,676)**
Segment gross profit	506,115	1,782,899	-	**2,289,014**
Segment assets	1,756,717	422,750	5,998,347	**8,177,814**
Segment liabilities	(2,069,479)	(85,491)	(720,307)	**(2,875,277)**
Net assets	(312,762)	337,259	5,278,040	**5,302,537**

Year ended 31 March 2011

	End user activity	**Other fees**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment turnover	17,461,790	1,863,067	-	**19,324,857**
Attributable to content providers	(10,194,357)	-	-	**(10,194,357)**
Cost of sales – payment providers	(6,635,517)	-	-	**(6,635,517)**
Segment gross profit	631,916	1,863,067	-	**2,494,983**
Segment assets	2,095,037	508,221	5,735,539	**8,338,797**
Segment liabilities	(2,136,865)	(35,116)	(405,418)	**(2,577,399)**
Net assets	(41,828)	473,105	5,330,121	**5,761,398**

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.

Other fees are the amounts paid to Bango by content providers for package fees and other services including analytics and carrier 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 turnover from external customers is divided into the following geographical areas. All non-current assets are based in the UK.

	2012	2011
	£	£
United Kingdom	**2,583,033**	3,185,826
EU	**829,634**	452,077
US and Canada	**11,799,185**	15,120,714
Rest of the World	**382,737**	566,240
	15,594,589	19,324,857

Segment turnover is based on the location of the customers.

5. Basic and diluted earnings per share

The basic loss per share is calculated by dividing the result attributable to equity holders of Bango by the weighted average number of ordinary shares in issue during the year.

		2012	2011
Loss attributable to equity holders of Bango	**£**	**(932,716)**	(696,085)
Weighted average number of shares in issue		**38,321,075**	36,564,487
Basic and diluted loss per share	**p**	**(2.43)**	(1.90)

6. Cash used by operations

	2012	2011
	£	£
Loss for the year	**(932,716)**	(696,085)
Depreciation and amortisation	**510,063**	317,012
Taxation in income statement	**(179,614)**	(141,280)
Investment income	**(469)**	(516)
Interest payable	**-**	103
Foreign exchange movement	**18,758**	-
Share-based payment expense	**142,356**	117,566
Decrease in receivables	**107,652**	884,365
Increase/(decrease) in payables	**297,878**	(1,631,984)
	(36,092)	(1,150,819)
Corporation tax rebate	**158,972**	(78,151)

Net cash generated / (used) by operations	**122,880 (1,228,970)**

7. Share capital

During the year, 764,913 share options were exercised at exercise prices between 20 pence and 131.5 pence and a par value of 20 pence per share. The total proceeds were £331,499 of which £152,983 was recognized as share capital and £178,516 as share premium.

During the year 533,625 options were granted to employees, including 63,750 to Peter Saxton, a Director.

At the period end 3,011,920 share options were outstanding.

After the year-end, in June 2012, Bango placed 2,355,000 new ordinary shares at market price of 138 pence per share with existing investors, raising £3.25m gross and £3.0m net of expenses.

8. Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

The consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year-ended 31 March 2011 have been extracted from the group’s audited financial statements. The auditors have yet to report on the statutory accounts for the year ended 31 March 2012.