Annual Report 2014

The Bango mobile payment platform is vital to the global growth in digital content sales. The giants of mobile choose the Bango Payment Platform to provide a delightful and immediate payment experience that maximizes sales of digital content.

With over 140 markets activated by our partners, the Bango Payment Platform is established as the global standard for app stores to offer carrier billing. As the next billion consumers pick up their first smartphone, Bango technology will be there to unlock the universe of apps, video, games and other content that bring those smartphones to life. Global leaders plugging into Bango include Amazon, BlackBerry, Facebook, Google, Microsoft and Mozilla.

January to December 2014 saw Bango exceed 140 Mobile Network Operator activations, with new integrations in strategically vital, fast-growing markets, including Indonesia, Mexico, South Africa and across the Middle East.

Bango was proud to launch two entirely new app store integrations during 2014, with Amazon, who are acknowledged as the masters of connected commerce, and with Samsung, the world's largest smartphone manufacturer. Six of the world's largest app stores have chosen the Bango Payment Platform, demonstrating that Bango has emerged as the de facto global standard for carrier billing in app stores.

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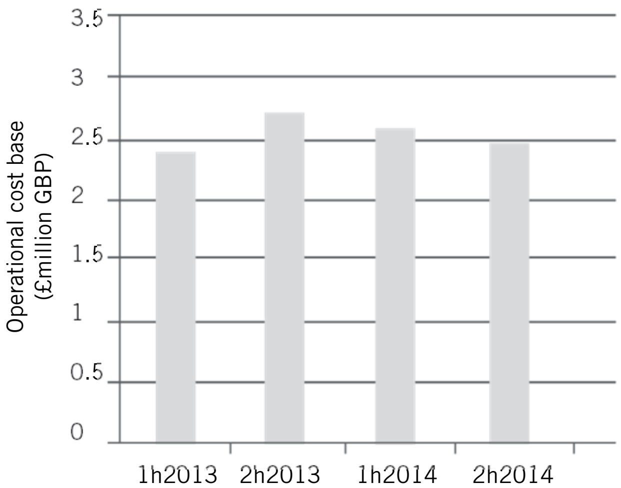
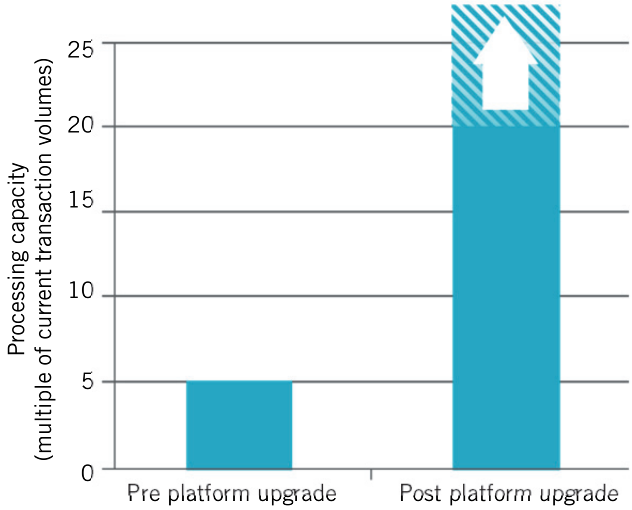
Stable operational cost base of £5.0m (FY2013: £5.1m)



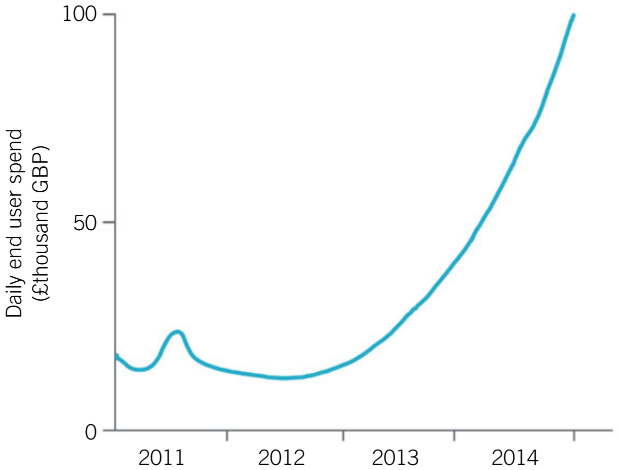
Capacity

Bango Platform tested at £650m ($1bn) annualized spend levels



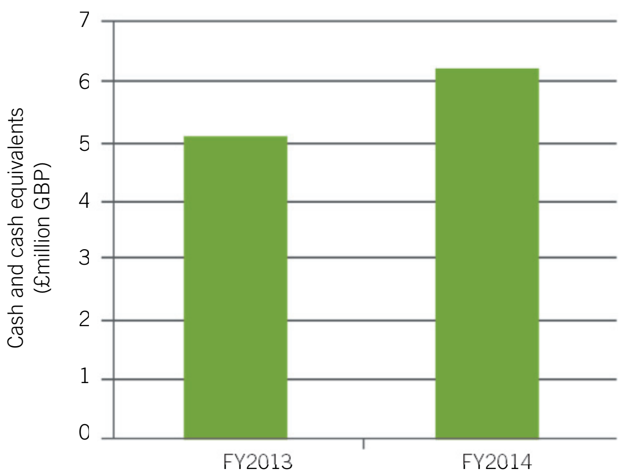
Daily end user spend

End user spend increased to £25.2m (FY2013: £15.6m), up 62%



Cash and cash equivalents

Cash balance of £6.3m (FY2013: £5.1m)



Chairman's statement

Over the past two years, Bango has made significant investment into its platform, both in terms of capacity and robustness. This has enabled the team to secure partnerships with many of the world's leading app stores. 2014 was the year that these investments and customer wins started to show a return, as evidenced by the increased transaction volumes and end user spend through the Bango Platform. Crucially, end user spend is now rising without the need to increase the cost base of the business.

The Bango Payment Platform has been tested with loads in excess of £650m ($1bn) per year of end user spend. Bango announced and launched two new app store partnerships, with Amazon and Samsung, during the final few months of 2014. With additional potential volumes of end user spend coming from these in addition to the existing relationships with Google, Microsoft, BlackBerry and Mozilla, and with the Bango Payment Platform able to process this growth within current cost base, Bango is now well positioned to benefit financially from its strategic position in the market.

After achieving success in providing payment services for independent content providers in the UK and USA – resulting in a maiden profit in 2010, Bango made the strategic decision to invest in product development for the app stores which are at the heart of digital content sales in a market increasingly dominated by smartphones.

App stores have adopted carrier billing at varying rates, beginning with BlackBerry in 2011 and with Samsung, the world's largest smartphone vendor, the most recent to embrace the technology. These stores have all chosen to integrate with the Bango Payment Platform.

Key partnerships with many of the giants of mobile are in place. End user spend is starting to rise rapidly and the platform is demonstrating its ability to scale while the Bango cost base remains stable.

The global market for paid content is growing and it is now clear that carrier billing will take a meaningful share of that market. Bango fulfils a vital industry role, delivering carrier billing for app stores. I look forward to Bango's next stage of growth.

I would like to thank the Bango team for their impressive work in securing 140 live activations, across 60 countries for six of the world's largest app stores. Thanks also to shareholders in Bango for their continued support as we see the investments Bango has made in technology and partnerships starting to bear fruit in its financial outlook.

David Sear
Chairman

CEO’s statement

Bango has now emerged as the de facto standard for carrier billing in app stores

2014 was a year of strong progress for Bango. App stores continue to fuel the rapid growth in digital content sales, with the Bango Payment Platform enabling app store purchases to be charged to a user's phone bill. Bango has now emerged as the de facto standard for carrier billing in app stores, uniting the industry behind a common platform that drives up revenues, while providing the best consumer purchasing experience.

All major app stores that have chosen to deploy Direct Carrier Billing (DCB) have chosen to partner with Bango, and Bango is now the natural partner for Mobile Network Operators (MNOs) seeking to harness revenue from the digital content sales passing over their networks.

The Bango model and opportunity

Bango's objective is to enable one-click mobile payment at massive scale, maximizing conversion rates and driving revenues for app stores, mobile operators and content developers. Bango's proven platform acts as a single point of integration for app stores and MNOs around the world, enabling them to effectively use Direct Carrier Billing to monetize digital content. Partnerships are in place with many of the world's largest app stores and Bango is now focused on activating Direct Carrier Billing for app stores across the wide range of integrated mobile operators through the Bango Platform.

Bango generates revenue from payment transactions in two ways: Firstly, in a mode where Bango collects the payment from the user, and passes it on to the app store while retaining a portion – this is called “acting as principal”. Secondly where the app store receives the payment enabled by Bango technology directly from the user, and pays a fee to Bango – this is called the “agency model”.

The Bango Payment Platform enables app stores to increase their sales by making payment easier and faster. Bango data shows that if consumers are only presented with a credit/debit card payment option, conversion rates can be as low as 0.5% in developing markets, and rarely exceed 40% even in markets where card penetration is high. Data from the first 8 months of 2014 showed an average conversion rate for carrier billing for five app stores using the Bango Payment Platform of 82% (excluding transactions limited by monthly spend caps for specific users). This powerful advantage was one of the key factors motivating new app store and MNO sign ups during FY2014.

Continued momentum with app stores and ongoing activations with Mobile Network Operators

Bango made significant progress in FY2014, completing new activations for a number of app stores. These included new Google activations, the first Amazon activation and the first Samsung activations. There also more activations across BlackBerry, Microsoft, Mozilla and others.

Bango was delighted to announce two entirely new app store integrations during the year. Amazon and Bango launched carrier billing for Amazon Appstore in September 2014 and, in October 2014, Samsung, the world’s largest smartphone manufacturer, announced a global carrier billing partnership with Bango, with plans to roll out immediately across a wide range of MNOs. These relationships will drive additional growth in 2015.

Almost 100 MNOs have now integrated with the Bango Payment Platform and are using it to provide their billing services to one or more app stores. During FY2014, Bango was pleased to secure a number of mobile operator group deals - including with Etisalat and Deutsche - which expand the pipeline of future activations faster than one-by-one agreements, and speed up the activation of app stores across multinational mobile operators.

Google

As expected, the majority of end user spend growth in FY2014 came from the initial ramp up of Google Play transactions which are expected to continue and accelerate into 2015. Google Play is the content store available on Android, which powers the most smartphones worldwide. Many early Google Play carrier billing deployments were completed directly between MNOs and Google, but Bango has been able to win an increasing share of new MNO deployments. Bango offers several key commercial and technical advantages to MNOs, compared with a direct integration with Google, including speed to market, compatibility with other app stores, uniquely valuable analytics, and centrally managed operational support.

Mozilla

Bango provides carrier billing, collection and settlement for Firefox Marketplace, which is part of a completely new hardware, software and content ecosystem from Mozilla, targeted at emerging markets and based around HTML5 open web technology. The service was initially launched during summer 2013 in several Latin American countries, as well as in Spain and Poland and during FY2014 the service was launched in additional markets in Germany, Mexico and Hungary.

Microsoft

After launching the first integration with Microsoft's Windows Phone Store in summer 2013, Bango continued to develop its partnership with Microsoft during FY2014. New launches during the year included both MNOs in the UAE, Etisalat and du. Bango is confident that it will secure an increasing share of Microsoft's future DCB business. Microsoft has high hopes that the arrival of Windows 10 in FY2015 will help Microsoft gain momentum in mobile.

BlackBerry

Bango powers carrier billing for users of BlackBerry World with more than 75 MNOs. BlackBerry remains a major player in many populous, developing world markets, including in Indonesia and Saudi Arabia. BlackBerry recently started deploying BlackBerry Messenger (BBM) across Android, Windows and iPhone and has recently started using Bango technology to collect payments for valuable BBM based services driving incremental revenues and giving Bango useful exposure and experience in markets that may become attractive to other larger customers.

Amazon

The first Bango activation with Amazon Appstore was in September 2014, with O2 in Germany. While as expected this initial integration did not generate significant revenue during FY2014, Bango anticipates a broader rollout during FY2015 as Amazon seeks to mirror its success in physical goods in the digital goods space.

Samsung

Samsung GALAXY Apps is the Samsung global content store. It was initially established using Premium SMS (PSMS) technology for payment in a number of markets. PSMS is an outdated technology associated with consumer harm which is being regulated out of existence in many major markets. Samsung's global partnership with Bango supports its move towards more modern and consumer friendly Direct Carrier Billing technology.

Bango and Samsung were able to launch several markets very quickly after agreement. Bango launched 4 carrier billing activations for Samsung in 3 markets in late 2014, in Canada, South Africa and the UAE, and there is a busy program of integrations and activations underway for FY2015.

Prepared for high growth in transaction volumes

The current Bango Platform and systems have been designed and tested to transaction volumes equivalent to end user spend of approximately £650m per year - with no increase in cost. Administrative expenses for the period were £5.0m (FY2013: £5.1m) showing that, although end user spend has grown rapidly, the cost base is stable as planned.

Product development and the platform effect

In FY2014 Bango focused its highly experienced development team on innovations in the Bango Payment Platform, to capitalize on the unique and considerable opportunities presented as the platform has emerged as a global hub for mobile commerce. Bango's analytics capabilities were deployed to MNOs as the Bango Dashboard, offering partners a unique view of the digital content purchase process - including successes and failures - enabling MNOs and app stores to increase their digital content sales.

In addition, technology is being developed to speed up the path from the early stages of discussion between MNOs and app stores to the first live transactions by using relationships and capabilities that are unique to Bango. The first fruits of this development were made available to app stores as Bango Grid which was launched on 2 March 2015.

The strategic value of the Bango Payment Platform increases as more app stores and MNOs integrate with it. The platform provides a common point of integration between the wide range of MNO billing systems, alternative payment instruments (including credit cards, mobile wallets and tomorrow's emergent technologies) and the giant digital content merchants, mainly app stores. For each app store or MNO, Bango offers a highly efficient

All major app stores that have chosen to deploy Direct Carrier Billing (DCB) have chosen to partner with Bango

single route to reach multiple partners, without needing to build out integrations one-by-one.

In addition, the Bango Payment Platform enables app stores and MNOs to sell more digital content, alongside the use of credit cards. Bango's BillRank and cloud-based identification and authentication technology BangoID ensure unrivalled precision across mobile platforms, authenticating users on a massive scale for frictionless, one-click payment. Bango has the ability to authenticate users even when they're connected via Wi-Fi, outside the operator network. This is another unique element of the Bango Platform that works to maximize sales.

Current trading

We are pleased to announce that since the financial year end, Bango has activated payment routes with a number of MNOs, including O2 and Etisalat. These activations started delivering end user spend in 2015.

Outlook

Bango has made good progress this year in integrating app stores and subsequently activating them with multiple mobile operators. Data gathered by Bango over the last two years across multiple countries and app stores, indicates that revenue in the market for digital content that is purchased via app stores is growing at a steady and sustainable pace.

Bango finished FY2014 with annualized end user spend generated from existing activations of £32.9m. Based on the data that Bango holds regarding the increase in end user spend from activations that were live as at 31 December 2014, Bango expects end user spend to increase by at least 100% to over £65m ($101m) for FY2015. With February 2015 annualized end user spend at £36.1m, Bango is confident in meeting this guidance.

In addition to this growth from existing activations, Bango has more than 30 activations already scheduled for launch in 2015 and a strong pipeline of over 100 further activation opportunities for the remainder of 2015. Taking account of the possible end user spend from these potential activations gives management a high level of confidence in the Groups' ability to exceed the 100% forecast growth in end user spend generating from current activations alone in the current financial year.

With a stable cost-base and rapidly increasing end user spend, Bango continues to believe that it can become cash flow positive comfortably within the current capacity of the Bango Payment Platform.

Ray Anderson
CEO

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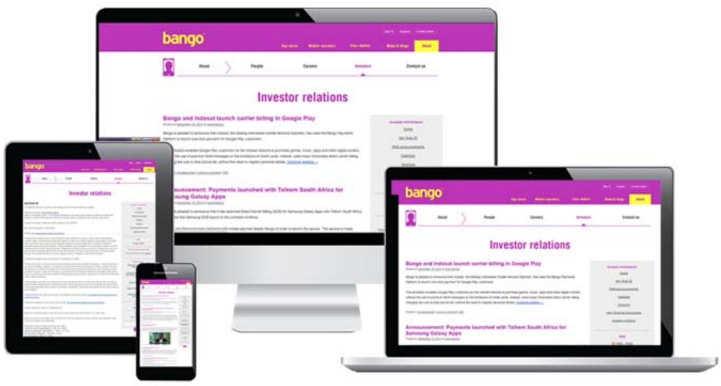


CFO's statement

End user spend for the year was £25.2m, up 62% from prior 2013 spend of £15.6m

End user spend
End user spend is the most significant Key Performance Indicator (KPI) for Bango as it shows how much business is being transacted through the Bango Platform for the app stores. End user spend for the year was £25.2m, up 62% from prior 2013 spend of £15.6m. Furthermore, annualized end user spend at the end of 2014 was £32.9m demonstrating the rapid growth of the business. Bango has invested in a platform to process end user spend at scale. The growth in end user spend is an indicator that our strategy of connecting major app stores to MNOs, whilst in its infancy, is working.

Bango now has sufficient data points to estimate end user spend once Bango has activated an app store with a MNO. From this data, Bango management is in a position to predict that the annualized rate of end user spend from the app store / mobile operator activations that were live in December 2014 will double to approximately £65m by the end of December 2015.

This estimate excludes end user spend generated from our new app store relationships with Samsung and Amazon as these have only been live for an initial few months and spending data is insufficient to provide reliable and verifiable predictions, and does not include end user spend arising from Bango's pipeline of more than 30 activations already scheduled for launch in 2015, nor from the pipeline of more than 100 further activations which are likely to be activated in 2015. (In 2014 there were more than 30 activations).

Turnover
Bango generates turnover either as principal or agent. The turnover for the year ended 31 December 2014 was £5.1m. End user spend generated under the agency model, where Bango only recognizes the agency fee charged, was 84% of all end user spend. 16% of end user spend was transacted with Bango as principal in the transaction - where the whole of the end user spend is recognized. This was a significant shift from the year ended 31 December 2013 when 55% of end user spend was generated as agency, and 45% as principal. This accounts for the reduction in turnover from £8.8m in the previous year. The proportion of agency end user spend will vary with the volumes transacted by each app store.

Turnover also includes £0.7m of platform fees (FY2013: £1.7m) which have decreased with the planned migration from one-off integration fees to recurring monthly fees to remove barriers to activations with the MNOs. Going forward, Bango expects platform fees to remain at a level that is broadly consistent with FY2014, further demonstrating that end user spend is the most significant KPI for the company.

Overall margin on end user spend
Gross margin on end user activity for the period was 2.4%, an improvement compared with FY2013 (FY2013: 2.3% see note 4 in the accounts). This is within Bango's longer term target range of between 2% and 5% based on a mix of agency and principal models.

Trading results from operations
With the growth in end user spend and the small increase in margin generated from end user spend, the margin on end user spend increased 71% to £0.60m (FY2013: £0.35m).

There was a 59% decrease in platform fees to £0.7m (FY2013: £1.7m). This reflects the change in the business model and corresponding revenue recognition away from up front activation fees to monthly transaction or support fees as previously announced.

As a result, gross profit was £1.3m for the year compared to £2.1m for the FY2013.

Administrative expenses
Administrative expenses were stable at £5.0m (FY2013: £5.1m) confirming that the Bango cost base should not need to increase as end user spend grows. The operating loss for the year was £5.4m (FY2013: £4.9m). Amortization of intangible assets in the year was £0.8m (FY2013: £1.0m) as more of the previously capitalized R&D came into use during the period. FY2013 included an accelerated amortization charge of £0.3m not needed in FY2014. Depreciation for the year totalled £0.5m (FY2013: £0.4m).

Share based payments costs of £0.4m in 2014 (FY2013: £0.5m) are part of the compensation package Bango uses to attract and retain key employees.

Bango reported a net loss before tax for the year of £5.4m (FY2013: £4.9m). The loss after tax totalled £5.1m for the year compared with £4.7m for the previous year.

Taxation

The tax credit for the year was £0.2m (FY2013: £0.2m) and relates to R&D tax credits receivable.

At the year-end Bango had not recognized a deferred tax asset in the balance sheet of £4.8m (FY2013: £3.1m), due to the unpredictability of future taxable trading profits against which the losses may be utilized.

Loss per share

Basic and diluted loss per share was 10.96 pence (FY2013: 10.53 pence).

Balance sheet

Net assets of the Group were £9.8m at 31 December 2014 (at 31 December 2013: £8.9m).

Cash balances increased to £6.3m at 31 December 2014 (at 31 December 2013: £5.1m).

Intangible assets increased to £3.5m (at 31 December 2013: £3.4m) as a result of on-going internal development work being capitalized.

Trade receivables are significantly down to £1.1m (at 31 December 2013: £2.0m) reflecting the rapid growth in agency based end user spend.

Current liabilities as at 31 December 2014 were £1.8m (at 31 December 2013: £2.2m). Total borrowings are £0.6m (at 31 December 2013: £0.4m), and consist only of finance lease liabilities. Of the total borrowings, £0.3m is classed as current (at 31 December 2013: £0.1m) and £0.3m is classed as non-current (at 31 December 2013: £0.3m).

Raising of additional capital

In October 2014, Bango raised £6.0m before expenses in an oversubscribed placing and open offer of 6,250,000 new ordinary shares at a price of 96p, with both new and existing institutional investors. The funding has provided support for Bango's strategy of being positioned to take advantage of developing opportunities in emerging markets and further business development with major MNOs. It also provided valuable comfort to customers like Samsung of Bango's long term support from shareholders.

Cash flow

Cash used by operating activities was £3.2m (FY2013: £2.6m).

Bango managed significant working capital improvements during 2015 including:

- Reductions in receivables of £0.9m, driven by the shift to the agency business model
- Reduction in payables of £0.6m also caused by a shift to the agency business model

Net capital expenditure outflows totalled £0.1m in the year (FY2013: £0.1m) and were largely attributable to acquisition of computing equipment. The addition of intangible assets totalled £0.9m (FY2013: £1.1m) and was attributable to the capitalization of internal development costs. These were part of a major hardware and software platform deployment in a new primary data center to upscale capacity, resilience and security.

Bango's cash balances included balances denominated in foreign currencies (primarily US Dollars and Euros).

At 31 December 2014 Bango had cash balances of £6.3m (at 31 December 2013: £5.1m) and total finance lease liabilities £0.6m (at 31 December 2013: £0.4m).

Gerry Tucker

CFO

Strategic report

Principal activities, business review and future developments

The principal activity of Bango during the year was the development, marketing and sale of technology to enable mobile phone users to easily make payments for digital content and media on smartphones and tablets.

The principal activity of Bango PLC during the year was as investment holding company for Bango.net Limited and other subsidiaries. The Bango Group includes Bango.net Limited, Bango Inc, Bango Movil, Bango do Brasil Cessão de Licenças de Programas de Computador Ltda, Bango SP Limited and Bango Employee Benefits Limited.

A review of the Group's performance for the year ended 31 December 2014 and future developments is contained in the Chairman's statement, CEO's statement and the CFO's statement on pages 4 to 8.

Shown on the Statement of consolidated income is end user spend, a Key Performance measure. End user spend does not take into account the contractual arrangements in place but reports the total transaction value processed. More detail on end user spend is given on page 31.

Strategy and business model

The Bango strategy is to power the market leaders, delivering growth through supporting mobile billing transactions to a global market of leading app stores and independent digital merchants. Bango delivers this strategy through integrating into app stores and mobile operators around the world.

Our budgets and going concern reviews are based on a revenue model that looks at end user spend through the Bango Payment Platform and Bango Platform service fees. The Bango Platform service fees come from integration and development work, which then result in further growth to the end user spend margin. Details of the margin from the two revenue streams are shown in note 4. We have invested in the platform to make it highly scalable, as proven by the capacity which can handle 20 times current loads, to facilitate the growth from end user spend expected in the year.

Key Performance Indicators (KPI's)

KPI's are used to control and measure financial and operational performance. They are reviewed to ensure that plans are achieved and corrective action taken where necessary.

The financial KPI's are end user spends, end user spends margin, gross profit, net profit and cash balances.

The non-financial KPI's are relationships with mobile operators and leading app stores.

A review of product development, financial performance, strategy and outlook is contained in the CEO's statement on pages 4, 5 and 6, which includes further commentary on the above KPI's.

Principal risks and uncertainties

The key business risks affecting the Group are set out below.

Financial risk management objectives and policies

Bango monitors the financial risks to which it is exposed through its business activities. Bango does not consider it necessary to use derivative financial instruments to hedge these risks. See notes 6, 18, 19, 20 and 21 for further information.

Liquidity risk

Bango ensures sufficient liquidity is available to meet foreseeable needs and invests in cash assets safely and profitably. See note 20 for further information.

Credit risk

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

Currency risk

Overseas currency sales are largely offset by costs in the same currency, therefore exposure to currency risk and impact on margin is considered relatively small. See note 21 for further information. The Group manages its foreign exchange exposure on a net basis. No forward exchange or other such financial instruments have been used in the year.

Technology risk

The Group's revenue is dependent on its technology keeping pace with developments in mobile phone technology, including volumes of data and growth in applications. The Group manages this risk by a commitment to research and development, combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood.

Payment providers

The current business model is dependent on payment providers. These are therefore key trading relationships to the Group, and

Bango's turnover from the end user is subject to influence by the payment providers. The Group manages risk through regular dialogue and investment in relationships with, payment providers and digital merchants. The Group manages payment risk by undertaking regular credit risk analysis using third parties, combined with other sources of market intelligence and monitoring of payment performance.

Employee retention

Bango depends on its ability to recruit and retain people with the right experience and skills. Bango puts significant effort into providing an excellent working environment and benefits, including a share option scheme (notes 7 & 12).

Geographical risk

As the Group continues to expand, the Group has supported payment platforms in a large number of countries. Some of these include territories that may carry money laundering risks, other legal risks and/or sanctions. The Group monitors the situation in these territories at the project launch stage and after activation to ensure that these risks are appropriately mitigated.

Personal data risk

The Group processes personal data (some of which may be sensitive) as part of its business. There is a risk that such data could become public if there were a security breach in respect of such data. The Group could face liability under data protection laws and lose the goodwill of its customers. The extensive testing of the Bango system by Bango and its major customers as part of ongoing customer audits, and the unique way Bango technology is used gives assurance that this risk is appropriately mitigated.

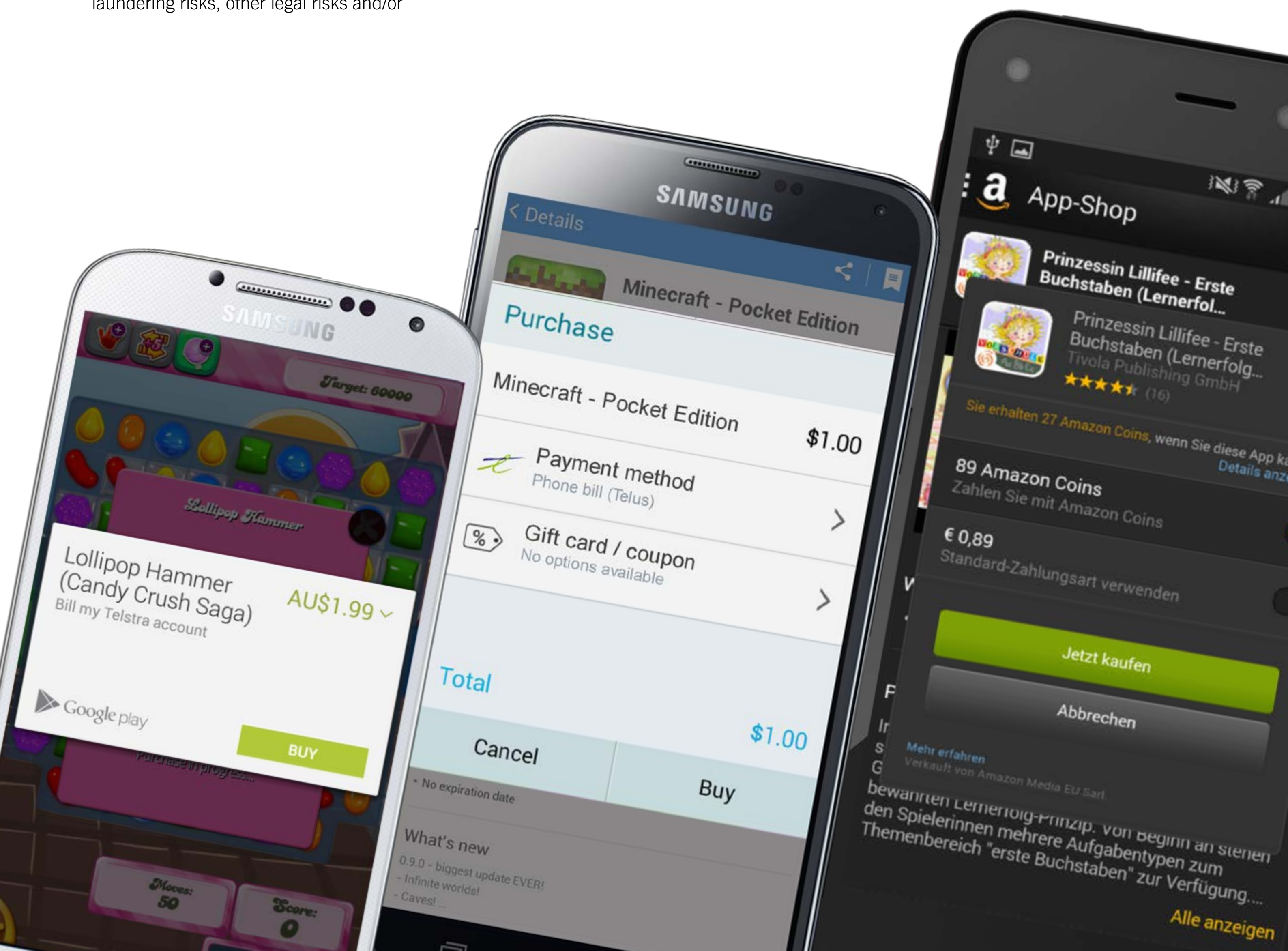
Gender of Directors and senior managers

Bango has 3 Non-exec Directors who identify as male, 3 exec Directors who identify as male and 6 key senior managers of which 3 identify as female and none as transgender.

The strategic report was approved by the Board of Directors, and signed on its behalf by:

Ray Anderson

CEO



Progress report

The Bango Payment Platform is vital to the global growth in digital content sales. The giants of mobile choose the Bango Payment Platform to provide a delightful and immediate payment experience that maximizes sales of digital content.

The period January 2014 to December 2014 saw Bango streamline the product offering to focus on payment, while cementing its leadership position across its key industry sectors. Two new app stores integrations, with technology giants Amazon and Samsung, were launched, while Bango completed more than 30 new carrier billing activations taking the total number of activations to more than 140. The Bango Payment Platform is now the natural choice for app stores and mobile operators offering carrier billing, and Bango's primary focus is on building end user spend by increasing the number and rate of mobile operator activations.

Mobile Network Operators

Bango made excellent progress integrating new Mobile Network Operators (MNOs) into the Bango Payment Platform and increasing the number of app store activations with existing MNOs.

Bango was particularly pleased with the progress made in launching new Google Play integrations, where MNOs increasingly prefer Bango to integrate into the world's fastest growing app store. Notable new markets included

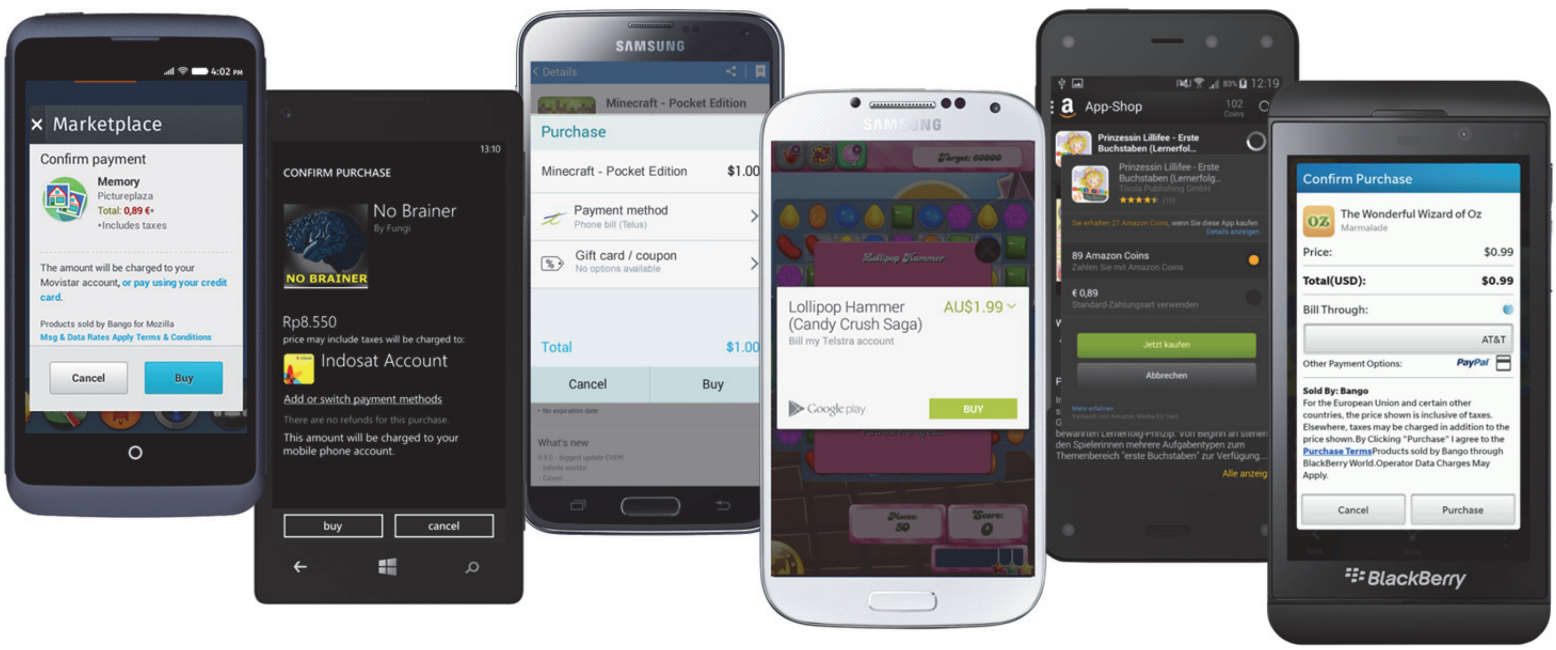
Bell and Telus in Canada, Etisalat in the UAE, Indosat in Indonesia and Telkom in South Africa, which became the first market in the African continent to offer carrier billing for Samsung.

A further trend is that some MNOs and larger MNO groups are now standardizing on the Bango Payment Platform, taking advantage of Bango's single point of integration to the broad range of app stores. This has been the case with Deutsche Telekom and both Etisalat and du in the UAE. This trend enables Bango to launch several markets quickly and efficiently.

Bango launched new integrations and activations across a wide range of developing and developed world markets.

There were many launches in strategically important growth markets including; Chile (Telefónica); Egypt (Mobinil); Indonesia (Indosat, Smartfren, Telkomsel, XL); Mexico (Iusacell, Telefónica); UAE (du) and; Saudi Arabia (Mobily, STC).

Bango also made good progress in existing high smartphone penetration markets including; Canada (Bell, Telus); Germany (Telefónica) and USA (AT&T).



Larger MNO groups are now standardizing on the Bango Payment Platform

"This is a big win for Bango and one that has the potential to be quite impactful for both parties involved."

Jordan McKee, Yankee Group

App stores

2014 saw Bango expand the payment service provided to existing app store partners, notably to Google Play, Windows Phone Store, BlackBerry World and Firefox Marketplace.

Bango began 2014 with two Google Play activations and completed the year with seven, including launches in large, fast-growing markets such as Indonesia and UAE, and established markets such as Canada, where Bango completed a "clean sweep", by launching carrier billing for every Canadian mobile operator.

Bango was proud to launch two entirely new app store integrations during 2014, with Amazon and Samsung, taking the total number of app stores powered by the Bango Payment Platform from four to six.

In September 2014 Amazon and Telefónica Deutschland announced Amazon's first integration into the Bango Payment Platform, launching carrier billing services for Telefónica subscribers in Germany. This was the first launch in a broader planned rollout and represented the first time that Amazon, widely acknowledged to be masters of online commerce, had launched a new payment mechanism in more than a decade.

In late October 2014 Bango announced a global agreement with Samsung, one of the world's largest technology companies and the world's leading smartphone manufacturer. Under the agreement Bango provide carrier billing, collection and settlement for digital content purchased through the Samsung GALAXY Apps app store. The agreement confirms Samsung's desire to put frictionless one-click payment at the heart of their consumer experience, as they leverage their massive reach to grow digital content sales.

Analyst firm Yankee Group acknowledged the significance of the Samsung partnership announcement. Senior Analyst Jordan McKee commented at the time:

"This is a big win for Bango and one that has the potential to be quite impactful for both parties involved. Bango's direct operator billing (DOB) solution streamlines bumps in the checkout process, enabling frictionless transactions and, inevitably, increased conversions. Moreover, DOB will play an instrumental role in helping Samsung expand its addressable market (by reaching those without payment cards, particularly in emerging markets) and in some instances, lead to larger basket sizes. 451 Research's 2014 US Consumer Survey, September, shows that of those consumers that paid for a tablet or smartphone app in the last month, 1 in 10 chose to charge it directly to their phone bills".

This increased app store activity reflects the recognition amongst the world's largest stores that carrier billing has become an essential component of today's smartphone experience, as well as reflecting Bango's expertise and leadership in the space.

Wider applications for the Bango Payment Platform

Bango continues to find innovative applications for the Bango Payment Platform, taking advantage of its massive reach and ability to power flexible and emerging billing models. Examples include the following:

2014 saw Bango and MMIT release M-Iflọ, a safe payment solution that enables online transactions for digital content. M-Iflọ navigates the complex mobile payment environment in Sub-Saharan Africa and is tailored to the needs of the industry leaders in mobile content. The solution was launched with Mobipay in Kenya and Stanbic in Nigeria.

In December 2014 Bango announced a strategic partnership with CardMobili, the leading provider of digital wallet technologies. Bango and CardMobili will develop a series of innovative mobile commerce solutions that enable MNOs to leverage their large subscriber base and existing billing relationships to open up new revenue streams. This includes bringing carrier billing to the retail environment for the first time, and a unique new proposition that unites the digital app world with physical shopping.

Finally, Bango is excited to have deepened its established partnership with BlackBerry, as they build on the success of BlackBerry Messenger (BBM), launching it across the major mobile platforms and introducing a variety of monetization models. Bango's carrier billing technology is being deployed across a range of innovations being rolled out to BBM users, including sales of stickers, music, games and other virtual goods and an entirely new product area named BBM Money. This is a mobile wallet service that allows people to send money to their BBM Contacts, top up mobile airtime accounts, and pay bills.

Products

Bango Payment is the industry standard billing platform chosen by leading **app stores**. It enables billions of consumers around the world to pay for apps, digital media, content and services, both from within the app store and in-app, simply with a single click. The charge is directly added to the customer's mobile phone bill, credit card or other chosen payment instrument.

Bango *integrates* once with a **mobile operator**, immediately making each *pre-integrated* **app store** available to *activate* – quickly and more cost effectively than going direct.

Bango Payment is the only platform directly integrated and able to offer stores including **Samsung; Google; Amazon; BlackBerry; Mozilla** and **Microsoft.**

Bango is the sole supplier for Amazon, Samsung, Mozilla and BlackBerry, delivering consistent carrier billing to the top three Android app stores.

Bango has more than **140** carrier billing activations, across **6** major app stores, in over **60** countries. These all use high quality direct integrations. Legacy Premium SMS technology and third party intermediaries are not used.

Bango architecture delivers significant benefits over individual, direct integrations between app stores and mobile operators. Using shared integrations means each app store and mobile operator plugs into a live, pre-tested platform already proven with millions of transactions. This dramatically reduces risk, lowers costs and improves time to market.

Advanced caching optimizes performance by minimizing network round-trip times and ensuring consumers get the best payment experience.

Bango Payment optionally manages tax, money flow, merchant of record and settlement complexities, large-scale developer on-boarding and mass out payment of earnings as required by each app store partner. These capabilities are managed programmatically by the platform to ensure delivery at the scale demanded by global app stores.

Bango Payment Flow technology gives **app stores** the option of Bango hosting their customer payment experiences using state of the art HTML5 web standards, developed in partnership with Mozilla. This renders device specific payment experiences using the correct language and currency, automatically accounting for local financial regulations.

Bango Grid is a definitive resource for carrier billed payments, giving **app stores** a methodology for researching, planning and launching carrier billing worldwide, with instant online access to mobile operator capabilities and market data.

It enables delivery of the next 200 mobile operators without adding 200 times the effort, time or cost.

Bango Dashboard gives **mobile operators** and **app stores** a unique view of all payments, products sold and people purchasing them.

It enables operators to: manage their billing systems; accurately measure the comparative success of each app store; understand app trends and popularity for growing marketing, advertising or developer relationship opportunities and; build engagements with subscribers through precise understanding of purchase behavior.

App stores can: measure and optimize their end user spend across each mobile operator and country and; understand app and in-app purchase trends.

Bango uniquely raises payment standards across the industry by alerting mobile operators and app stores if sales fall below standard, or when failures or errors rise above the industry baseline. This anonymized market guidance is only possible through billing performance analysis across multiple mobile operators and app stores.

Bango Platform Operations work with each app store and mobile operator to monitor, analyze and optimize all transactions across the complete end-to-end systems and network connections – **24x7x365**. Bango helps eliminate the risk of downtime, payment failure and customer care overheads, improving performance and ultimately increasing sales success and volume.

Business model

The Bango Payment Platform and Bango Payment Flow enable major app stores to sell digital goods and services to end users using mobile carrier billing and other payment mechanisms.

Bango earns a margin for processing each payment, usually between 2% and 5% based on transaction volumes and complexity. Currency conversion fees and out-payment bank charges may apply. Bango pays the remaining money to the app store or merchant according to an agreed schedule.

Optionally, an app store may ask Bango to manage and pay earnings to their individual developers, as undertaken for BlackBerry World and Mozilla Firefox Marketplace. In this model a developer typically receives 70% of the price paid and the remaining percentage is paid to the app store once Bango processing fees have been deducted.

Standard Bango Dashboard products and Bango Platform Operations services are included as part of the Bango offer to mobile operators and app stores. This grows the market, maximizes payment conversions and ensures ongoing visibility for the success gained across Bango products.

Key market developments

Smartphone shipments reached 1.2 billion units in 2014, compared to 927 million in 2012, an increase of over 26%. IDC forecasts that 1.4 billion smartphones will ship during 2015, reaching 1.9 billion worldwide in 2018.

2014 developments include:

- **Android** continued to outpace all other mobile platforms, with over one billion devices shipped, accounting for 84.4% of smartphones during Q3 (81.2% in 2013).

  In comparison **iOS** accounted for 11.7% (12.8% in 2013), with Microsoft Windows Phone shipping 2.9% (3.6% in Q3 2013).

- **Samsung** remained the top smartphone manufacturer with a 28% market share, shipping 326.4 million units an 8.4% annual growth (32.5% with 311.4 million units in 2013).

  Apple followed with 16.4% (16.6% in 2013) with 191.3 million units. With highest sales in Q4 following the launch of a larger screen iPhone 6 and 6 Plus, allowing them to compete in the previously Android dominated big screen segment.

  Lenovo acquired **Motorola** to become the largest Chinese smartphone vendor and third largest vendor worldwide with 7.9% (4.7% in 2013) and 90 million units.

  LG was fourth with 6% (4.8% in 2013) and 70 million units.

  Huawei at 5.9% (5.3% in 2013) shipped 70 million units.

  Xiaomi was new at sixth place with 5.2% market share and an annual shipment growth exceeding 200% with 60 million units.

  Coolpad, **Sony**, **ZTE** and **TCL** made up the rest of the 2014 top 10.

- The top ten countries, ranked by smartphone use were, China, USA, India, Japan, Russia, Brazil, Indonesia, Germany, UK and South Korea.
- Chinese manufacturers shipped 453.4 million units worldwide.
- Mozilla continued to innovate with Firefox OS and an increasing number of affordable smartphones were launched worldwide.
- Startup mobile ecosystems Jolla Sailfish, Ubuntu Phone, Cyanogen and Tizen failed to do anything notable during 2014
- Tablet sales slowed, with 4.4% growth in 2014 and a total of 229.6 million units shipped. An 8% growth is forecast for 2015, with sales reaching 233 million units.
- The decline in PC sales slowed in 2014. According to IDC, laptop, desktop and hybrid PC sales dipped by an estimated 2.1% globally, to 309 million units, compared to a 10.0% decline in 2013.
- 2014 saw growth in the smart watch market, with new Android products launching from Motorola (Moto360), LG (G Watch R), Sony and Samsung. Apple announced a watch would launch in 2015.
- Microsoft finalized the acquisition of the Nokia mobile phone business and launched new Lumia phones. They now seek to unify desktop, tablet, gaming and smartphone platforms during 2015 with the launch of Windows 10.
- Apple launched their mobile wallet – Apple Pay, using standard NFC terminal technology to bring secure card-less payment to the US market.
- In app payments continued to dominate across all app stores, with in-app currencies, such as Clash of Clans Gems, selling well at $4.99, $9.99 and $19.99 prices.
- Worldwide downloads from Google Play were 60% higher than Apple's App Store.
- Three mobile games grossed more than $1bn in 2014: Candy Crush Saga at $1bn, Puzzle & Dragons at $1.5bn and Clash of Clans at a startling $1.8bn
- Operators continued to invest in data to support higher resolution media generated by the latest iPhone and GALAXY phones, combined with growth in streaming media services. Ericsson reported a 60% increase in mobile data between Q3 2013 and Q3 2014.
- In many markets, including Indonesia, Taiwan and the USA, Premium SMS was regulated out of contention for mobile payments.

Sources include TrendForce, IDC, Gartner, GfK Target Setter, WSJ, Guardian and eMarketer.

Directors

Home Top chart New releases

Ray Anderson, CEO

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★★★★★

Ray has over 30 years experience in starting, growing and selling businesses. He was named 'Business Person of the Year' in 2012. Ray co-founded Bango in 1999 after realizing that the convergence of the internet with the ubiquity of mobile phones could open up huge opportunities for content and service providers. Prior to Bango Ray established IXI which created the industry standard network GUI - X.desktop. IXI was an early leader in the creation of the web. It sponsored the first ever WWW conference at CERN and shipped the world's first commercial web browser.

Anil Malhotra, CMO

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★★★★★

Anil is responsible for Bango's marketing activities and strategic alliances with major partners, including device makers, app store providers and global network operators. Anil has extensive experience of creating successful partnerships between technology innovators and major market players in online technologies and OEMs. Before co-founding Bango, Anil developed the major partnerships for Cyberlife Technology, one of Europe's leading computer games technology developers, which resulted in the licensing of the company's 'artificial life' technology by the world's leading games publishers including Warner and Hasbro. Before that he worked with Bango CEO Ray Anderson to establish a technology called X.desktop, which became the global standard for the user interface software on networked computers.

Gerry Tucker, CFO

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★★★★★

Gerry is an experienced finance leader and Chartered Accountant, with an extensive computer games industry background and public company experience. He has considerable experience in mergers and acquisitions, finance regulation, financial modelling and growth businesses, having taken a firm from start-up to £300 million in 5 years. Gerry was shortlisted for 'Financial Director of the Year' at the Grant Thornton Quoted Company Awards 2014. He has worked with several trading, software and games companies. Previous senior financial and operational positions include CFO of PLUS Markets Group and other high-level positions at Kuju Entertainment, Activision, Vodafone Ireland and Deloitte.

David Sear, Chairman, Non-executive Director

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★★★★★

David Sear is Group Chief Executive at Skrill, having joined the company in August 2014. David came to Skrill from Weve, the joint venture between EE, Telefonica UK (O2) and Vodafone UK, where he was Chief Executive. David has extensive experience in the payments industry, and previously spent six years at Travelex, the world's largest non-bank payments provider, as Divisional Managing Director of Global Business Payments – and prior to that as Divisional Managing Director of Outsourcing. Before joining Travelex, he spent three years as Commercial and Scheme Managing Director at Voca, and was a founding member of WorldPay.

Martin Rigby, Non-executive Director

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★★★★★

Martin Rigby is co-founder and CEO of Psonar, the internet music service. He is also founder and a managing director of ET Capital, an early investor in Bango. He has been investing in innovative technology businesses for over 25 years, principally in network services, software and hardware. He is Non-executive Chairman of FSE Fund Managers and an advisory board member of the Bettany Centre for Entrepreneurship at Cranfield University.

Rudy Burger, Non-executive Director

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★★★★★

Rudy has founded five companies in the digital media technologies sector and is currently the Managing Partner of Woodside Capital, an investment bank for emerging growth companies. Rudy serves on the boards of several US and European companies. He has a BSc and MSc from Yale University and a PhD from Cambridge University.

Company information

Company registration number	05386079
Registered office	5 Westbrook Centre Cambridge CB4 1YG Tel: +44 1223 472 777
Directors	D Sear - Non-executive Chairman R Anderson - CEO A Malhotra - CMO G Tucker – CFO M Rigby – Non-executive Director R Burger – Non-executive Director
Company Secretary	H Goldstein
Bankers	HSBC Bank PLC Vitrum St Johns' Innovation Park Cambridge CB4 0DS
Solicitors	Mills & Reeve LLP Botanic House, 100 Hills Road Cambridge CB2 1PH
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Nominated adviser and broker	Cenkos Securities Ltd 6.7.8 Tokenhouse Yard London EC2R 7AS
Public relations advisor	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD
US office	330 Madison Avenue 6th Floor New York, NY 10017 Tel: +1 866 528 6897 www.bango.com investors@bango.com

Directors' report

The Directors present the Annual report and audited financial statements of Bango PLC for the year ended 31 December 2014.

The Directors and their interests

The Directors who served Bango during the year, together with their beneficial interests in the shares of Bango were as follows:

	Ordinary shares of 20p each 31 Dec 2014	Ordinary shares of 20p each 31 Dec 2013
D Sear	-	-
R Anderson	6,624,036	6,624,036
A Malhotra	4,006,815	4,022,000
M Rigby	14,067	14,067
G Tucker	11,933	8,231
R Burger	-	-

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

		Options to buy ordinary shares of 20p each	
Date of grant	Option price	31 Dec 2014	31 Dec 2013
G Tucker			
22 October 2014	£1.010	32,500	-
01 April 2014	£1.360	32,500	-
4 October 2013	£1.260	32,500	32,500
26 March 2013	£2.325	132,500	132,500
Total		230,000	165,000
D Sear			
7 February 2011	£1.530	100,000	100,000

The share options were granted at market price and vest over a three year period in twelve equal quarterly instalments. Vested options will lapse unless exercised within ten years of the date of grant.

Share capital

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

Dividends

The Directors have not recommended a dividend (31 December 2013: £nil).

Post balance sheet events

There are no post balance sheet events to disclose.

Directors' indemnity arrangements

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

Employment policies

The Group is committed to following the applicable employment laws in each territory in which it operates. The Group is committed to fair employment practices including the prohibition of all forms of discrimination and attempts as far as possible to give equal access and fair treatment to all employees on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others. If employees become disabled we would make reasonable effort to keep them in our employment, with appropriate training where necessary.

The Group supports the training needs of its staff and actively works to provide on the job and external training to continue the development of all staff. It is important to the Group to maintain an exciting and interesting working environment to fully engage its staff.

Health and safety policies

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public. It complies with all regulatory and other applicable requirements.

Going concern

The Group had cash of £6.3m at 31 December 2014 (31 December 2013: £5.1m) and financing debt of £0.6m (31 December 2013: £0.4m). Significant investment in technology development continues to be made. Bango raised £5.6m net of expenses during 2014. Based on the new monies raised the Group has sufficient cash funding in place to be able to support its investment for future growth. The cash flow forecasts of Bango anticipate increased cash generation from trading operations as a result of our new deals with app stores in the year and our strong pipeline of integrations in progress. 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.

Substantial shareholdings

At 6 March 2015 Bango PLC had been informed of the following interests in addition to the interests of R Anderson and A Malhotra, amounting to 3% or more in the issued ordinary share capital of the company:

	Number	%
Liontrust Asset Management	8,785,198	16.90
Herald Investment Management	7,525,712	14.47
Schroders Investment Management	3,428,001	6.59
Inflection Point Investments LLP	3,074,639	5.91
Wellington Management Company	2,242,785	4.31
Hargreave Hale	2,127,489	4.09

Directors' responsibility

The following statement, which should be read in conjunction with both reports of the auditor set out on pages 22 and 45, is made in order to distinguish for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

The Directors are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare separate parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs and UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.

Directors' report

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- In so far as each Director is aware there is no relevant audit information of which the Company's auditors are unaware.

- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 489 of the Companies Act 2006.

BY ORDER OF THE BOARD

Company Secretary
H Goldstein

Corporate governance statement

The Board
The Board is responsible for the overall management of the Group, its strategy and long-term objectives. The Board provides leadership to the Group, based on the best interests of shareholders.

UK Corporate Governance Code
We do not comply with the UK Corporate Governance Code. Instead we have reported on our Corporate Governance arrangements, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Group and best practice.

Board composition
The Board of Bango PLC is made up of the independent Non-Executive Chairman, CEO, CFO, CMO and two other Non-executive Directors. Details of the board's experience and interests are shown on pages 15-16 which demonstrate the range of skills and insight that they bring to the Board. The Non-executive Directors are all deemed to be independent. All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter every three years.

Board meetings
The Board meets formally 11 times per year to discuss the strategy, direction and financial performance of the company. The board reviews a detailed management pack each month which enables them to fulfil all of their duties of stewardship. The Non-executive Directors attend all of the meetings.

Audit committee
The Audit Committee comprises the Chairman and all other Non-executive Directors.

The Committee's main role and responsibilities are to:

- Monitor the integrity of the financial statements of Bango.
- Review Bango's internal financial controls and risk management systems.
- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor.
- Discussion of the nature, extent and timing of the external auditor's procedures and discussion of the external auditor's findings.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is required.
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

Bango does not currently have an internal audit function, which the Board considers appropriate for a Group of Bango's size. The Committee is scheduled to meet twice each year and at other times if necessary. The Audit Committee will review risk assessments and the need for an internal audit function on a periodic basis.

Internal control procedures
The Board is responsible for the Group's system of internal controls and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

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

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

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

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

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

Going concern
After making enquiries, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors expect the current level of investing activities to continue which are supported by the funding secured by the placement in October 2014. Due to new customers signed in the year Bango expects to see a reduction in the net cash used by operating activities. Gross profit is expected to increase as a result of this activity with major new customers. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements and to provide reasonable, but not absolute assurance against material misstatement or loss.

Remuneration Committee report

The Remuneration Committee comprises the Chairman and all other Non-executive Directors.

The Committee's main role and responsibilities are as follows:

- To review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the Group's Executive Directors.
- To review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share option schemes.
- To be responsible for reporting to the Group's shareholders in relation to remuneration policies applicable to the Group's Executive Directors.

The Committee may invite the CEO and CFO to attend meetings of the Remuneration Committee. The CEO is consulted on proposals relating to the remuneration of the CFO and of other senior executives of the Group. The CEO is not involved in setting his own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference.

The Committee's terms of reference are reviewed and approved by the Board. These are available for inspection at the Group's registered office.

Remuneration policy

Bango's policy on remuneration is to provide a package of benefits, including salary, performance-related bonuses and share options, which reward success and individual contributions to Bango's overall performance appropriately, while avoiding paying more than is necessary for this purpose. In addition, the Remuneration Committee takes into account remuneration packages of comparable companies when making recommendations to the Board.

Performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders and accordingly are set as a significant proportion of total remuneration.

Share options

Bango considers that active participation in a share option plan is an effective means of incentivizing and retaining high quality people. Directors and employees are eligible to participate in the scheme. Further details of the option plan and outstanding options as at 31 December 2014 are given in note 7 to the financial statements.

Service agreements

The Executive Directors have service agreements with Bango.net Ltd. The agreements include restrictive covenants which apply during employment and for a period of twelve months after termination.

The agreements can be terminated on twelve months' notice in writing by either the Company or by the Executive Director.

Non–executive Directors

The remuneration of the Non-executive Directors is determined by the Executive Directors. Their appointments can be terminated on six months' notice in writing by the Company.

Directors' emoluments

Details of remuneration in respect of the Directors is provided in note 13.

Independent auditor's report to the members of Bango PLC

We have audited the group financial statements of Bango PLC for the year ended 31 December 2014 which comprise the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on pages 18 and 19, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Bango PLC for the year ended 31 December 2014.

Paul Naylor, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
9 March 2015

Consolidated balance sheet

	Note	31 Dec 2014 £	31 Dec 2013 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	777,254	709,632
Intangible assets	5	3,491,252	3,377,872
		4,268,506	4,087,504
Current assets			
Trade and other receivables	6	1,109,816	1,988,687
Research and Development tax credits	6	236,028	189,904
Cash and cash equivalents		6,253,487	5,110,366
		7,599,331	7,288,957
Total assets		11,867,837	11,376,461
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	10,399,463	9,122,069
Share premium account		22,098,603	17,684,376
Merger reserve		1,236,225	1,236,225
Other reserve		1,526,650	1,968,834
Accumulated losses		(25,461,538)	(21,149,056)
Total equity		9,799,403	8,862,448
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,478,293	2,086,485
Finance lease liabilities	9	296,817	147,246
		1,775,110	2,233,731
Non-current liabilities			
Finance lease liabilities	9	293,324	280,282
		293,324	280,282
Total liabilities		2,068,434	2,514,013
Total equity and liabilities		11,867,837	11,376,461

These financial statements were approved by the Directors on 9 March 2015 and are signed on their behalf by:

R Anderson
Director

G Tucker
Director

Company registration number 05386079

The notes on pages 27 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	31 Dec 2014 £	31 Dec 2013 £
Alternative performance measure (Non-IFRS)			
End user spend	4	25,167,767	15,551,220
Turnover	4	5,093,952	8,788,454
Attributable to digital merchants	4	(2,703,363)	(5,082,905)
		2,390,589	3,705,549
Cost of sales – payment providers	4	(1,051,928)	(1,637,202)
Gross profit		1,338,661	2,068,347
Other administrative expenses	10	(5,017,665)	(5,086,996)
Share based payments	10	(395,110)	(474,958)
Depreciation	5	(542,882)	(408,030)
Amortization	5	(801,484)	(1,032,341)
Total administrative expenses		(6,757,141)	(7,002,325)
Operating loss		(5,418,480)	(4,933,978)
Interest payable	11	(24,116)	(31,304)
Investment income	14	26,610	35,906
Loss before taxation	11	(5,415,986)	(4,929,376)
Income tax	15	266,210	189,904
Loss and total comprehensive loss for the financial year		(5,149,776)	(4,739,472)
Attributable to equity holders of the parent		(5,149,776)	(4,739,472)
Loss per share attributable to the equity holders of the parent			
Basic loss per share	16	(10.96)p	(10.53)p
Diluted loss per share	16	(10.96)p	(10.53)p

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

The notes on pages 27 to 44 are an integral part of these consolidated financial statements

Consolidated cash flow statement

	Note	31 Dec 2014 £	31 Dec 2013 £
Net cash used by operating activities	17	(3,177,167)	(2,526,074)
Cash flows used by investing activities			
Purchases of property, plant and equipment		(108,980)	(109,238)
Addition to intangible assets		(914,864)	(1,132,266)
Interest received		26,610	35,906
Net cash used by investing activities		(997,234)	(1,205,598)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		6,086,582	6,977,478
Costs associated with issuance of ordinary shares		(394,961)	(359,713)
Interest payable		(24,116)	(31,304)
Capital payable on finance lease obligations		(338,911)	(81,189)
Net cash generated from financing activities		5,328,594	6,505,272
Net increase in cash and cash equivalents		1,154,193	2,773,600
Cash and cash equivalents at beginning of year		5,110,366	2,327,444
Exchange differences on cash and cash equivalents		(11,072)	9,322
		5,099,294	2,336,766
Cash and cash equivalents at end of year		6,253,487	5,110,366

The notes on pages 27 to 44 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	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	-	-	-	474,958	-	474,958
Exercise of share options	125,465	352,012	-	-	-	477,477
Issue of 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	-	-	-	395,110	-	395,110
Share based payments transfer for exercised share options	-	-	-	(837,294)	837,294	-
Exercise of share options	27,394	59,188	-	-	-	86,582
Issue of shares	1,250,000	4,355,039	-	-	-	5,605,039
Transactions with owners	1,277,394	4,414,227	-	(442,184)	837,294	6,086,731
Loss for the year	-	-	-	-	(5,149,776)	(5,149,776)
Total comprehensive income for the year	-	-	-	-	(5,149,776)	(5,149,776)
Balance at 31 December 2014	10,399,463	22,098,603	1,236,225	1,526,650	(25,461,538)	9,799,403

The notes on pages 27 to 44 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

Bango PLC (“the Company”) was incorporated on 8 March 2005 in the United Kingdom. The Company is domiciled in the United Kingdom. The address of the registered office of the Company, which is also its principal place of business, is given on page 17. The Company’s shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The financial statements for the year ended 31 December 2014 (including the comparatives for the year ended 31 December 2013) were approved by the Board of Directors on 9 March 2015.

2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and under the basis of going concern.

Bango has prepared its Report and accounts for the year ended 31 December 2014, in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.19.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango. Every entity within the group has its own functional currency. The US subsidiary performs a sales and support function for services provided by Bango.net Limited. Due to the nature and set up of the US operation as a support center for the UK, the functional currency of Bango Inc has to date been considered to be sterling. Foreign operations are included in accordance with the policies set out in notes 3.15.

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2014. There was no impact on the presentation of financial statements of Bango Plc other than in disclosure. No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group’s accounting periods beginning on or after 1 January 2015, or later periods, have been adopted early. The Directors do not believe that the adoption of these standards and interpretations would have a material impact on the Group’s financial statements.

The Group had cash of £6.3m at 31 December 2014 (31 December 2013: £5.1m) and financing debt of £0.6m (31 December 2013: £0.4m). The cash flow forecasts of Bango anticipate increased cash generation from trading operations as a result of our new deals with app stores in the future. For this reason the going concern basis has continued to be adopted in the preparation of the financial statements.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. As with the application of other accounting policies the presentation of revenue has remained consistent and aims to provide a detailed analysis of the income and expenditure flows associated with end user activity due to the significant judgement as to the role of Bango as principal or agent in providing content to end users.

3.1 Basis of consolidation

On 9 June 2005 Bango PLC acquired the entire issued share capital of Bango.net Limited by way of a share for share exchange. As the shareholders were the same before and after this transaction, the share for share exchange qualifies as a common control transaction and falls outside of the scope of IFRS 3, Business Combinations.

No goodwill has been recorded and the difference between the parent company's cost of investment and Bango.net Limited's share capital and share premium is presented as a merger reserve within equity on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by it after eliminating internal transactions. Control is achieved where the Group has the power to govern the financial and operating policies of a Group undertaking so as to obtain economic benefits from its activities. Subsidiary undertakings’ results are adjusted, where appropriate, to conform to group accounting policies.

3.2 Property, plant and equipment

Property, plant and equipment are 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

Property plant and equipment also include computer equipment held under finance leases.

3.3 Intangible assets

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

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 Bango'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.
- Bango intends to complete the intangible asset and use or sell it.
- Bango 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.

Notes to the financial statements

The cost of an internally generated intangible asset comprises all directly 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, as well as a proportion of attributable overhead costs. 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 Impairment of property, plant and equipment and intangible assets

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

3.6 Loans and receivables

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand, together with other short term highly liquid investments.

b) 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.

3.7 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.

3.8 Income taxes

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

3.9 Operating lease agreements

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

3.10 Finance lease agreements

Assets held by the group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments.

Minimum lease payments made under finance leases are apportioned between the financial expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Revenue recognition

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

3.11.1 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 Bango 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.

3.11.2 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.

Notes to the financial statements

The nature of Bango's business is that it facilitates a large volume of transactions in which content developed by a range of digital merchants 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, digital merchant 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 disclose in the turnover figure a blend of end user activity as both agent and principal, depending on the substance of the underlying contracts. Where Bango is principal the gross value of the transaction is shown, with the associated amounts due to digital merchants and payment providers separately detailed. Under the agency relationships only the margin is reported in the turnover figure, therefore there are no associated costs displayed.

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. If Bango were entirely principal, revenue would be turnover, if Bango were entirely agent, revenue would be the net amount.

3.11.3 Platform fees

Platform fees includes revenue from services provided to mobile phone operators and digital merchants 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.

Platform fees include revenue from service contracts and are recognized in the financial statements over the contract period.

Platform fees also include revenue from the sale of access licences to digital merchants and are recognized evenly over the period of the contract since the services are provided evenly over this period.

3.12 End user spend

In order to assist users of the financial statements, end user spend in the year is being reported. This is reported in the consolidated statement of comprehensive income, because end user spend is the key performance indicator that management use to monitor transactions. The end user spend represents the gross end user activity through the Bango system, excluding VAT and is the key measurement for transactions processed by Bango in a year.

3.13 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.

3.14 Share-based payment transactions

Bango issues equity settled share-based compensation to certain employees (including Directors). Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Bango'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. No adjustment is made for performance conditions as these do not form a condition of the option agreement.

If the terms of an equity-settled transaction were to be modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense would be 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. Once exercised, the share based payment expense previously recognised is transferred from Other reserves to Retained earnings.

Share-based payment transactions are shown separately in the statement of comprehensive income. Additional information is provided in note 7.

3.15 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.

3.16 Segment reporting

In identifying Bango operating segments the chief operating decision maker reviews two service lines. These are the provision of a mobile payment platform allowing end users to purchase content, and the provision of services to digital merchants and other organisations. The turnover and margin generated from each of these segments is separately reported but where costs and assets are managed and utilized on a group basis, these are not allocated to a segment.

3.17 Financial instruments

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

Notes to the financial statements

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in 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.

3.18 Share capital and reserves

Share capital
Ordinary shares are classified as equity. Equity instruments issued by Bango Plc 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 recognized over the vesting period.

Retained earnings
Retained earnings include all current and prior period retained profits.

3.19 Significant accounting estimates and judgements

Revenue recognition
As discussed in policy note 3.11 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 digital merchants. As set out in 3.11.2, 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.

Deferred tax
A deferred tax asset is recognized where Bango 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 taxable trading profits from which these differences may be deducted (note 15).

Finance leases
Judgement is applied when considering the substance of a lease agreement and whether it should be recognised as either a finance lease or an operating lease. Management use the following criteria in reviewing the contract to determine the classification; rights to the asset at the end of the lease term, the present value of the minimum lease payments in relation to the asset's fair value, length of the lease term in relation to the useful economic life of the asset and the obligations to insure and maintain the asset. During the year the group entered into a computer equipment lease that it has deemed to be a finance lease based on the assessment of the key criteria. The carrying value of finance leases is £590,141 (2013: £427,528).

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. The carrying value of capitalized development costs is £3,491,252 (2013: £3,377,872).

No impairment is recognized based on current estimates of future revenue streams expected to be derived from the development work that has been capitalized. Development costs had been derecognized in the prior year relating to a specific project because no future economic benefits were expected from its use beyond 2014.

3.20 Standards and interpretations not yet applied by the Group

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

IFRS 9 Financial Instruments (IASB effective date 1 January 2018).

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017).

Clarification of Acceptable Methods of Depreciation and Amortisation – amendments to IAS 16 and IAS 38 (IASV effective date 1 January 2016).

Amendments to IAS 27 Equity Method in Separate Financial Statements (effective 1 January 2016).

All standards and interpretations are not expected to have any significant impact on the financial statements when applied, except for additional disclosures when the relevant standard comes into effect.

3.21 Related party transactions
Bango's related parties include its Directors and key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The only transactions with Directors are noted in the Directors remuneration note in the accounts, see note 13. There was minimal trading in the year with Psonar Ltd whose board includes some of the Directors of Bango PLC.

Notes to the financial statements

4 Segment reporting

(a) End user spend
Bango has identified end user spend as 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 are 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 of our financial statements.

	31 Dec 2014	31 Dec 2013
	£	£
End user spend	25,167,767	15,551,220
Analyzed as agency	21,127,273	8,553,171
Analyzed as principal	4,040,494	6,998,049
Analyzed as agency	84%	55%
Analyzed as principal	16%	45%

(b) Turnover and gross profit
Bango, based on the information reviewed by 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 analyzed as follows for the reporting periods under review.

12 months to 31 December 2014

	End user activity	Platform fees	Group	Total
	£	£	£	£
Segment turnover	4,358,107	735,845	-	5,093,952
Attributable to digital merchants	(2,703,363)	-	-	(2,703,363)
Cost of sales – payment providers	(1,051,928)	-	-	(1,051,928)
Segment gross profit	**602,816**	**735,845**	**-**	**1,338,661**
Administrative expenses	-	-	(5,017,665)	(5,017,665)
Share based payments charge	-	-	(395,110)	(395,110)
Depreciation	-	-	(542,882)	(542,882)
Amortization	-	-	(801,484)	(801,484)
Interest payable	-	-	(24,116)	(24,116)
Interest income	-	-	26,610	26,610
Segment net profit/ (loss)	**602,816**	**735,845**	**(6,754,647)**	**(5,415,986)**
Segment assets	598,344	156,756	11,112,737	11,867,837
Segment liabilities	(1,166,615)	-	(901,819)	(2,068,434)
Net assets	**(568,271)**	**156,756**	**10,210,918**	**9,799,403**

Notes to the financial statements

12 months to 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)	354,673	1,713,674	(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

Included within the end user segment turnover is £3.94m (31 December 2013 £6.33m) relating to a major strategic partner, and included within platform fees there was £0.34m (31 December 2013 £0.81m) relating to one strategic partner.

End user activity is the content access fees paid by end users for accessing chargeable content provided by digital merchants, adjusted to take account of whether Bango is agent or principal in the transactions. Gross profit for this segment is after both digital merchant 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.

Non-current assets are based in the UK, except for £0.05m of property, plant and equipment held at the New York office and data centre.

(c) Geographical analysis
Bango's turnover from external customers is divided into the following geographical areas.

	31 Dec 2014	31 Dec 2013
	£	£
United Kingdom (country of domicile)	501,050	1,459,475
EU	335,025	528,314
USA and Canada	1,873,752	3,867,595
Rest of World	2,384,125	2,933,070
	5,093,952	8,788,454

Segment turnover is based on the location of the customers, of which in platform fees £0.34m (31 December 2013 £0.81m) came from a strategic partner based in the USA and Canada. All turnover from end users is spread over many territories.

Notes to the financial statements

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2013	190,922	114,657	1,666,022	1,971,601
Additions	6,733	24,227	448,040	479,000
At 31 December 2013	197,655	138,884	2,114,062	2,450,601
Depreciation				
At 1 January 2013	182,851	85,519	1,064,569	1,332,939
Charge for the year	3,185	11,369	393,476	408,030
At 31 December 2013	186,036	96,888	1,458,045	1,740,969
Net book value				
At 31 December 2013	**11,619**	**41,996**	**656,017**	**709,632**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2014	197,655	138,884	2,114,062	2,450,601
Additions	39,333	9,198	561,973	610,504
Disposals in the year	-	-	(1,012,208)	(1,012,208)
At 31 December 2014	236,988	148,082	1,663,827	2,048,897
Depreciation				
At 1 January 2014	186,036	96,888	1,458,045	1,740,969
Charge for the year	9,908	13,589	519,385	542,882
Disposals in the year			(1,012,208)	(1,012,208)
At 31 December 2014	195,944	110,477	965,222	1,271,643
Net book value				
At 31 December 2014	**41,044**	**37,605**	**698,605**	**777,254**

Included in property, plant and equipment at year end were £483,934 of assets held under finance leases (31 December 2013: £305,226). Depreciation is shown within administrative expenses in the income statement. Financial lease liabilities are secured on the assets to which they relate.

Notes to the financial statements

5.2 Intangible assets

	Domain Names £	Internal Development £	Total £
Cost			
At 1 January 2013	32,887	4,270,791	4,303,678
Additions	-	1,132,266	1,132,266
Derecognition of intangible assets	-	(994,985)	(994,985)
At 31 December 2013	32,887	4,408,072	4,440,959
Amortization			
At 1 January 2013	32,887	992,844	1,025,731
Charge for the year	-	1,032,341	1,032,341
Derecognition of intangible assets	-	(994,985)	(994,985)
At 31 December 2013	32,887	1,030,200	1,063,087
Net book value			
At 31 December 2013	-	3,377,872	3,377,872

	Domain Names £	Internal Development £	Total £
Cost			
At 1 January 2014	32,887	4,408,072	4,440,959
Additions	-	914,864	914,864
At 31 December 2014	32,887	5,322,936	5,355,823
Amortization			
At 1 January 2014	32,887	1,030,200	1,063,087
Charge for the year	-	801,484	801,484
At 31 December 2014	32,887	1,831,684	1,864,571
Net book value			
At 31 December 2014	-	3,491,252	3,491,252

Amortization is shown within administrative expenses in the income statement. The company regularly reviews its intangible assets to ensure that they are not impaired through periodic impairment testing in line with IAS 36. Assets are reviewed in relation to the revenue that will be generated from them as a discreet product. They are therefore separately assessed for signs of impairment.

In the prior year Bango accelerated amortization and derecognized some older intangible assets that related to specific developments to the Bango payment platform for customers that were not expected to contribute to revenue significantly beyond 2014.

Notes to the financial statements

6 Trade and other receivables

	31 Dec 2014 £	31 Dec 2013 £
Trade receivables	545,796	767,170
Other receivables	85,482	180,250
Prepayments and accrued income	504,671	1,054,287
	1,135,949	2,001,707
Impairment of trade receivables	(26,133)	(13,020)
	1,109,816	1,988,687
Research and development tax credits	236,028	189,904
Total	1,345,844	2,178,591

At 31 December 2014, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2014 £	31 Dec 2013 £
Not more than one month	54,481	46,963
One to two months	20,058	88,794
Three to twelve months	25,106	25,389
More than twelve months	-	-
	99,645	161,146

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure.

Trade receivables from digital merchants consist of numerous accounts with no significant individual balances. Provision for impairment has been made where the debt is not considered likely to be recoverable.

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

A reconciliation of bad debt provision for trade receivables is provided below:

	31 Dec 2014 £	31 Dec 2013 £
Brought forward provision	13,020	53,440
Debts written off in the year	(7,887)	(82,420)
Increase in provision	21,000	42,000
Carry forward provision	26,133	13,020

Notes to the financial statements

7 Share capital and employee share options

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 31 December 2012	41,733,017	8,346,604
Issue of new shares	3,250,000	650,000
Exercise of share options	627,326	125,465
As at 31 December 2013	45,610,343	9,122,069
Issue of new shares	6,250,000	1,250,000
Exercise of share options	136,973	27,394
As at 31 December 2014	51,997,316	10,399,463

During the year 136,973 share options were exercised at exercise prices between 23 pence and 167.0 pence and a par value of 20 pence per share. The total proceeds were £86,582 of which £27,394 was recognized as share capital and £59,188 as share premium.

In October 2014 Bango PLC issued 6,250,000 ordinary shares of 20 pence each at market price of 96 pence per share with existing investors raising £6.0m gross and £5.6m net of expenses of £0.4m.

The Group issues share options to Directors and to employees under either an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme or an unapproved scheme. Employees resident overseas are eligible to participate in the scheme but their options do not qualify as HM Revenue and Customs approved.

The grant price for share options is equal to the average quoted market price of the company shares on the date of grant. Options vest evenly over a period of one to three years following grant date. The options lapse if share options remain unexercised after a period of ten years from the date of grant or if the employee leaves the Group.

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

		31 Dec 2014		31 Dec 2013
	Average exercise price per share	Options	Average exercise price per share	Options
	p	No	p	No
Outstanding at 1 January 2014	132	2,844,996	82	2,745,361
Granted	118	893,000	184	930,875
Lapsed	161	(162,239)	145	(203,914)
Exercised	63	(136,973)	76	(627,326)
Outstanding at 31 December 2014	130	3,438,784	132	2,844,996
Exercisable at 31 December 2014	124	2,085,701	105	1,630,154

The weighted average share price at date of exercise of options exercised during the year was 148.14 pence (2013: 181.14 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 44 – 63 pence. Significant inputs into the model include a weighted average share price of 120.6 pence (31 December 2013: 186.05 pence) at the grant date, the exercise prices, volatility of 48.5% (31 December 2013: 52.46-54.87%), dividend yield of nil (31 December 2013: nil), an expected option life of five years (31 December 2013: five years) and an annual risk-free interest rate of 1.51-1.87% (31 December 2013: 0.75-1.60%).

For the most recent share awards there was sufficient share price data for Bango PLC to calculate the company's volatility, which is based on five years historical, compounded daily share price variances.

Notes to the financial statements

At 31 December 2014, Bango PLC had the following outstanding options and exercise prices:

				31 Dec 2014			31 Dec 2013
		Average exercise price per share	Options	Remaining Contractual Life	Average exercise price per share	Options	Remaining Contractual Life
Expiry date		Pence	Number	Months	Pence	Number	Months
18 February	2015	50.00	76,000	2	50.00	76,000	14
27 February	2015	28.75	35,000	2	28.75	67,500	14
28 August	2015	50.00	14,000	8	50.00	14,000	20
21 September	2015	202.00	58,000	9	202.00	74,000	21
1 March	2016	177.50	27,000	14	177.50	30,000	26
25 May	2016	140.00	158,250	17	140.00	158,250	29
9 October	2016	106.50	24,250	21	106.50	26,000	33
23 March	2017	50.50	104,250	27	50.50	107,000	39
19 September	2017	41.00	108,500	33	41.00	110,250	45
31 January	2018	23.00	56,417	39	23.00	59,917	51
15 October	2018	53.50	55,250	46	53.50	58,750	58
19 February	2019	44.00	58,000	50	44.00	62,500	62
1 October	2019	44.50	57,145	58	44.50	67,029	70
17 March	2020	59.50	79,547	63	59.50	84,212	75
24 September	2020	167.00	84,060	79	167.00	106,100	81
7 February	2021	153.00	100,000	74	153.00	100,000	86
17 March	2021	82.50	55,135	75	82.50	106,945	87
9 September	2021	82.00	96,960	81	82.00	132,705	93
27 September	2021	76.50	20,000	81	76.50	20,000	93
8 December	2021	68.50	20,000	84	68.50	20,000	96
23 March	2022	142.50	120,322	87	142.50	132,650	99
13 August	2022	187.50	7,000	92	187.50	7,000	104
20 September	2022	166.50	194,823	93	166.50	214,313	105
06 November	2022	218.00	100,000	95	218.00	100,000	107
26 March	2023	232.50	417,500	99	232.50	448,000	111
02 April	2023	218.50	10,000	100	218.50	10,000	112
27 June	2023	180.00	50,000	102	180.00	50,000	114
04 October	2023	126.00	374,875	106	126.00	401,875	118
01 April	2024	136.00	426,500	112	-	-	-
22 October	2024	101.00	450,000	118	-	-	-
At 31 December			3,438,784	82		2,844,996	82

Notes to the financial statements

8 Trade and other payables

	31 Dec 2014 £	31 Dec 2013 £
Trade payables	1,199,114	1,799,148
Social security and other taxes	104,311	129,539
Accruals and deferred income	174,868	157,798
	1,478,293	2,086,485

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

9 Commitments

Bango leases two offices and some small office equipment under non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	31 Dec 2014 £	31 Dec 2013 £
No later than 1 year	204,015	69,700
Later than 1 but no later than 5 years	469,485	128,624
More than 5 years	-	-
	673,500	198,324

The UK lease has been renewed in the year and expires on 17 November 2023 and the US office lease expires on 30 September 2016.

During the year Bango entered into an additional finance lease to buy certain technical computer equipment as part of the on-going upgrades to the Bango technology to cope with growth in the group, the lease will terminate in February 2017. The lease agreement includes fixed non-cancellable lease payments, and does not contain any further restrictions. Finance lease liabilities are secured by the related assets held under finance lease.

Gross lease liabilities	31 Dec 2014 £	31 Dec 2013 £
Within one year	312,500	167,609
Between two and five years	301,455	300,025
	613,955	467,634
Future interest	(23,814)	(40,106)
	590,141	427,528

The present value of finance lease liabilities is repayable as follows:	31 Dec 2014 £	31 Dec 2013 £
Within one year	296,817	147,246
Between two and five years	293,324	280,282
	590,141	427,528

Notes to the financial statements

10 Expenses by nature

	31 Dec 2014 £	31 Dec 2013 £
Employee benefit expense	3,394,158	3,233,380
Depreciation & amortization	1,344,366	1,440,371
Other expenses	2,018,617	2,328,574
	6,757,141	7,002,325
Analyzed as:		
Administrative expenses	5,017,665	5,086,996
Share based payments	395,110	474,958
Depreciation	542,882	408,030
Amortization	801,484	1,032,341
	6,757,141	7,002,325

11 Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	31 Dec 2014 £	31 Dec 2013 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	3,000	3,000
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	37,000	36,000
Other services relating to taxation compliance services	6,335	12,810
Other services relating to taxation advisory services	5,390	15,205
Operating lease expenses:		
Land and buildings	264,494	261,690
Finance lease charges in year	24,116	31,304
Exchange rate variances	(129,750)	123,150
Depreciation on property, plant and equipment – lease assets	322,816	181,554
Depreciation on property, plant and equipment – owned assets	220,066	226,476
Amortization of intangible assets	801,484	1,032,341
Research and development costs	153,110	154,018

Notes to the financial statements

12 Employee benefit expense

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

	31 Dec 2014 No	31 Dec 2013 No
Administrative staff	7	6
Marketing staff	6	5
Sales staff	3	3
Technical staff	23	22
Executive Directors	3	3
Support staff	24	22
	66	61

The aggregate payroll costs of the above were:

	31 Dec 2014 £	31 Dec 2013 £
Wages and salaries	3,200,242	3,063,109
Social security costs	401,834	410,673
Other pension costs	66,028	68,363
Share based remuneration	395,110	474,958
	4,063,214	4,017,103

Included in the above payroll costs is £669,056 (31 December 2013: £783,723) capitalized within internal development (note 5.2).

The Directors have identified 9 (31 December 2013: ten) key management personnel, including Directors. Compensation to key management is set out below:

	31 Dec 2014 £	31 Dec 2013 £
Short term employee benefits	1,005,654	1,067,996
Employers national insurance	127,984	137,078
Post employment benefits	18,987	19,905
Share based compensation	162,734	194,568
	1,315,359	1,419,547

13 Directors

Remuneration in respect of Directors was as follows:

	31 Dec 2014 £	31 Dec 2013 £
Emoluments	493,420	540,798

31 December 2014	Wages and salaries £	Pension and other benefits £	Total £
R Anderson	150,000	-	150,000
A Malhotra	138,800	1,320	140,120
G Tucker	129,800	-	129,800
M Rigby	15,750	-	15,750
R Burger	15,750	-	15,750
D Sear	42,000	-	42,000
	492,100	1,320	493,420

Notes to the financial statements

31 December 2013	Wages and salaries	Pension and other benefits	Total
	£	£	£
R Anderson	175,000	-	175,000
A Malhotra	161,178	1,320	162,498
G Tucker	129,800	-	129,800
M Rigby	15,750	-	15,750
R Burger	15,750	-	15,750
D Sear	42,000	-	42,000
	539,478	1,320	540,798

The highest paid Director received total salary of £150,000 (31 December 2013: £175,000), pension contributions of £nil (31 December 2013: £nil), and share based compensation of £nil (31 December 2013: £nil).

The number of Directors who accrued benefits under pension schemes was one (31 December 2013: one).

The total share based compensation for Directors was £41,803 (31 December 2013: £98,079).

For details of Directors options please see the Directors and their interest section of the Directors' report.

14 Investment income

	31 Dec 2014	31 Dec 2013
	£	£
Bank interest receivable	(26,610)	(35,906)

15 Taxation

Income tax	31 Dec 2014	31 Dec 2013
	£	£
R&D tax credits receivable	(236,028)	(189,904)
Under provision of prior year credit	(30,182)	-
	(266,210)	(189,904)

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

	31 Dec 2014	31 Dec 2013
Loss on ordinary activities before taxation	(5,415,986)	(4,929,376)
Loss on ordinary activities multiplied by standard rate of tax of 21.49% (31 December 2013: 23.25%)	(1,163,895)	(1,146,080)
Effect of:		
Expenses not deductible for tax purposes	100,092	144,837
Differences between capital allowances and depreciation	(17,835)	(49,809)
Unutilized tax losses	911,162	871,352
Additional deductions for R&D expenditure	(208,858)	(222,960)
Surrender of tax losses for R&D	127,149	211,425
Short term timing differences	16,157	1,331
Adjustments in relation to prior years	(30,182)	-
Total tax	(266,210)	(189,904)

At 31 December 2014 the unutilized tax losses carried forward amounted to £23.6 million (at 31 December 2013: £19.4 million).

Notes to the financial statements

Deferred tax assets/ (liabilities):

	Provided 31 Dec 2014 £	Provided 31 Dec 2013 £	Unprovided 31 Dec 2014 £	Unprovided 31 Dec 2013 £
Share option deduction	-	-	105,920	177,106
Tax losses	475,778	920,828	4,713,804	2,949,325
Other temporary differences	-	-	-	800
Accelerated capital allowances and capitalised development costs	(475,778)	(920,828)	-	-
	-	-	4,819,724	3,127,231

All unrecognized deferred tax balances relate to the UK and are expected to offset. No deferred tax asset has been recognized in respect of the above temporary differences due to the unpredictability of future taxable trading profits from which these differences may be deducted.

16 Loss per share

(a) Basic

Basic earnings per share are calculated by dividing the loss attributable to equity holders of Bango PLC by the weighted average number of ordinary shares in issue during the year.

	31 Dec 2014 £	31 Dec 2013 £
Loss attributable to equity holders of Bango PLC	(5,149,776)	(4,739,472)
Weighted average number of ordinary shares in issue	46,985,640	45,017,722
Earnings (basic) per share	(10.96) p	(10.53) p

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary share options.

	31 Dec 2014 £	31 Dec 2013 £
Loss attributable to equity holders of Bango PLC	(5,149,776)	(4,739,472)
Weighted average number of ordinary shares	46,985,640	45,017,722
Earnings (diluted) per share	(10.96) p	(10.53) p

At 31 December 2014 options over 3,438,784 (31 December 2013: 2,844,996) 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.

17 Cash used by operations

	31 Dec 2014 £	31 Dec 2013 £
Loss for the financial year	(5,149,776)	(4,739,472)
Depreciation and amortization	1,344,366	1,440,371
Taxation in income statement	(266,210)	(189,904)
Investment income	(26,610)	(35,906)
Interest payable	24,116	31,304
Foreign exchange movement on cash balances	11,072	(9,322)
Share-based payment expense	395,110	474,958
Decrease in receivables	878,872	202,662
Decrease in payables	(608,192)	(59,878)
	(3,397,252)	(2,885,187)
Corporation tax rebate	220,085	359,113
Net cash used by operations	(3,177,167)	(2,526,074)

Notes to the financial statements

18 Financial assets and liabilities

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

	31 Dec 2014 £	31 Dec 2013 £
Loans and receivables	7,047,512	6,682,069
Total financial assets	7,047,512	6,682,069

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

	31 Dec 2014 £	31 Dec 2013 £
Current assets		
Trade and other receivables	794,025	1,558,683
Cash and cash equivalents	6,253,487	5,110,366
Total financial assets	7,047,512	6,669,049

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

	31 Dec 2014 £	31 Dec 2013 £
Financial liabilities measured at amortized cost	1,373,982	1,956,946
Total financial liabilities	1,373,982	1,956,946

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

	31 Dec 2014 £	31 Dec 2013 £
Current liabilities		
Trade payables	1,199,114	1,799,148
Accruals	174,868	157,798
Total financial liabilities	1,373,982	1,956,946

19 Credit risk analysis

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

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

Bango's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality including those that are past due. See note 6 for further information on trade receivables that are past due. The only other financial asset that is not cash are tax credits due from HMRC.

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

In respect of trade and other receivables, Bango is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Bango completes regular credit checks on those payment providers accounting for significant individual balances. In addition, the terms and conditions of trade with some digital merchants allow the group to withhold payment of the relevant part of the digital merchant earnings until payment is received from the payment provider.

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

Notes to the financial statements

20 Liquidity risk analysis and capital management

Bango manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly basis. Long-term liquidity needs are identified on a quarterly basis, taking account of operating activities and investing activities.

At 31 December 2014 Bango's financial liabilities had contractual maturities which are summarized below:

	31 Dec 2014 £	31 Dec 2013 £
Trade and other payables within 6 months	1,373,982	1,957,995
Finance lease obligations within 6 months	147,258	72,681
Finance lease obligations 6 to 12 months	149,559	74,565
Finance lease obligations 1 year to 5 years	293,324	280,282
Financial liabilities	1,964,123	2,385,523

Bango's capital management objectives are to ensure Bango's ability to continue as a going concern and to provide an adequate return to shareholders, via sufficient cash resources, through profitable trading and equity issues to mitigate liquidity risk.

During the year ended 31 December 2014 Bango PLC issued £6.0m new shares on the AIM market in October (31 December 2013: £6.5m). The Directors consider that the capital management objectives have been satisfied through the adequate management of liquidity, as sufficient cash is available to meet all liabilities falling due in the next year.

At 31 December 2014 Bango only had hire purchase borrowings.

Capital for the reporting year under review is summarized as follows:

	Overall financing		Capital	
	31 Dec 2014 £	31 Dec 2013 £	31 Dec 2014 £	31 Dec 2013 £
Total equity	9,799,403	8,862,448	9,799,403	8,862,448
Less cash and cash equivalents	-	-	(6,253,487)	(5,110,366)
Plus borrowings	590,141	427,528	-	-
	10,389,544	9,289,976	3,545,916	3,752,082

The capital to overall financing ratio is 34.1% (2013: 40.4%).

21 Market risk analysis

21.1 Interest risk sensitivity

Bango has no borrowings on which it is subject to interest rate risk. The risk associated with interest earned on cash balances is low, given the low level of interest currently being earned.

21.2 Foreign currency sensitivity

Exposure to currency exchange rates arise from the Bango's overseas sales and purchases, which are primarily denominated in US Dollars and Euros.

The amounts to be paid and received in a specific currency are expected to largely offset one another, so no hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into sterling at the closing rate, are as follows.

		31 Dec 2014			31 Dec 2013		
Nominal amounts		£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)	£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)
US $	USD	631,922	952,021	(320,099)	1,090,054	1,545,923	(455,869)
Euro	EUR	88,133	11,272	76,861	224,790	39,323	185,467
Australian $	AUD	30,835	-	30,835	26,243	485	25,758
Canadian $	CAD	164,430	1,493	162,937	297,646	-	297,646
New Zealand $	NZD	18	-	18	10,247	-	10,247
Indonesia Rp	IDR	152,419	-	152,419	352,680	-	352,680
Qatari Riyal	QAR	7,172	-	7,172	24,156	-	24,156
South African Rand	ZAR	26,413	72	26,341	51,970	-	51,970
Saudi Arabian Riyal	SAR	76,382	-	76,382	-	-	-
Other		31,523	802	30,721	34,105	-	34,105
Short term exposure		1,209,247	965,660	243,587	2,111,891	1,585,731	526,160

Sensitivity analysis has been performed on the financial assets and liabilities to assess the exposure of the group to foreign exchange movements. If exchange rates moved so that the sterling weakened by 5% then the effect on the balance sheet would be a loss of £11,600 and if it moved by 10% then there would be a total loss of £22,144.

Independent auditor's report to the members of Bango PLC

We have audited the parent company financial statements of Bango PLC for the year ended 31 December 2014 which comprise the Company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on pages 18 and 19, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Bango PLC for the year ended 31 December 2014.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
9 March 2015

Company balance sheet

	Note	31 Dec 2014 £	31 Dec 2013 £
Fixed assets			
Investment in subsidiary	4	28,164,431	27,769,236
Current assets			
Debtors due within one year	5	2,860	2,715
Debtors due after one year	5	5,538,530	-
		5,541,390	2,715
Creditors falling due within one year	6	(17,836)	(9,610)
Net current assets / (liabilities)		5,523,554	(6,895)
Total assets less current liabilities		33,687,985	27,762,341
Capital and reserves			
Share capital	7	10,399,463	9,122,069
Share premium account	8	22,098,603	17,684,376
Other reserve	8	1,526,650	1,968,834
Retained earnings	8	(336,731)	(1,012,938)
Shareholders' funds		33,687,985	27,762,341

These financial statements were approved by the Directors on 9 March 2015 and are signed on their behalf by:

R Anderson
Director

G Tucker
Director

Company registration number 05386079

The notes on pages 47 to 49 are an integral part of these consolidated financial statements

Notes to the financial statements

1 Accounting policies

Basis of accounting
The separate financial statements of Bango PLC are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The principal accounting policies are summarized below. They have all been applied consistently throughout the year.

Investments
Fixed asset investments are shown at cost less provision for impairment.

Share based payments
Bango PLC issues equity settled share-based compensation to certain employees (including Directors) of its trading subsidiaries. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is credited to reserves on a straight-line basis over the vesting period, together with a corresponding increase in the book value of Bango PLC's investment in subsidiaries, based upon the 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.

Related party transactions
In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the company is exempt from disclosing transactions with wholly owned entities that are part of the Group headed by Bango PLC as it is a parent company publishing consolidated financial statements.

2 Loss for the year
Bango PLC has made full use of the exemptions as permitted by Section 408(1) of the Companies Act 2006 and accordingly the profit and loss account of the entity is not presented as part of the accounts. The Bango PLC loss for the year ended 31 December 2014 of £161,087 (31 December 2013: £191,803) is included in the Group result for the financial period.

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

3 Directors and employees
Details of Directors' interests in the shares and options of Bango PLC are provided in the Directors' report on page 18.

There are no employees employed directly by Bango PLC.

Details of Directors' remuneration are disclosed in note 13 of the Group accounts. A charge of £47,791 (31 December 2013: £54,423) has been recognized within the parent company's own figures relating to wages and salaries.

Notes to the financial statements

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 31 December 2013	27,769,236
Share based payments	395,110
Investment in Bango do Brasil	85
Shares in subsidiary undertakings at 31 December 2014	28,164,431
Net book amount	
At 31 December 2014	28,164,431
At 31 December 2013	27,769,236

Details of subsidiary undertakings at 31 December 2014 are as follows:

	Country of incorporation	Class of share capital held	Held by the company	Nature of business
Bango.net Limited	England & Wales	Ordinary	100%	Development, marketing and sale of technology for mobile phone users to purchase services for their mobile phones
Bango Inc	Delaware, USA	Common	100%	Sales and support office for Bango.net Limited services in USA
Bango Movil	Spain	Ordinary	100%	Support for Bango.net Limited
Bango SP Ltd	England & Wales	Ordinary	100%	Non-trading
Bango Employee Benefits Ltd	England & Wales	Ordinary	100%	Non-trading
Bango do Brasil Cessão de Licenças de Programas de Computador Ltda *	Brazil	Ordinary	100%	Non-trading

*99% owned via Bango Movil and 1% owned by Bango Plc

5 Debtors

	31 Dec 2014 £	31 Dec 2013 £
Amounts due from Group undertakings (due after one year)	5,538,530	-
Other debtors (due within one year)	2,860	2,715
	5,541,390	2,715

6 Creditors

	31 Dec 2014 £	31 Dec 2013 £
Trade creditors	17,836	9,610

Notes to the financial statements

7 Share capital

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 31 December 2012	41,733,017	8,346,604
Issue of new shares	3,250,000	650,000
Exercise of share options	627,326	125,465
As at 31 December 2013	45,610,343	9,122,069
Issue of new shares	6,250,000	1,250,000
Exercise of share options	136,973	27,394
As at 31 December 2014	51,997,316	10,399,463

During the year 136,973 share options were exercised at exercise prices between 23 pence and 167.0 pence and a par value of 20 pence per share. The total proceeds were £86,582 of which £27,394 was recognized as share capital and £59,188 as share premium.

In October 2014 Bango PLC issued 6,250,000 ordinary shares of 20 pence each at market price of 96 pence per share with existing investors raising £6.0m gross and £5.6m net of expenses of £0.4m.

During the year 893,000 options were granted to employees, including 65,000 to Gerry Tucker, a Director during the year.

At the year end 3,438,784 options were outstanding. Further details relating to employee share options are provided in note 7 in the Bango financial statements.

8 Reserves

	Share Premium Account £	Other reserve £	Retained earnings £
At 1 January 2014	17,684,376	1,968,834	(1,012,938)
Issue of new shares	4,355,039	-	-
Exercise of share options	59,188	-	-
Share based payments	-	395,110	-
Share based payments transfer for exercised share options	-	(837,294)	837,294
Loss for the year	-	-	(161,087)
At 31 December 2014	22,098,603	1,526,650	(336,731)

9 Reconciliation of movements in shareholder's funds

	31 Dec 2014 £	31 Dec 2013 £
Period opening balance	27,762,341	20,861,421
Exercise of share options	86,582	477,477
Share based payments	395,110	474,958
Issue of new shares	5,605,039	6,140,288
Loss for the period	(161,087)	(191,803)
	33,687,985	27,762,341

Notice of Annual General Meeting

THE COMPANIES ACTS 1985 TO 2006

NOTICE OF THE ANNUAL GENERAL MEETING OF BANGO PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Bango PLC (the "Company") will be held the offices of The Company, 5 Westbrook Centre, Cambridge, CB4 1YG on Wednesday 27th May 2015 at 2 pm for the following purposes.

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, pass resolutions 1 to 4 as ordinary resolutions.

1. To receive and adopt the financial statements of Bango for the year ended 31 December 2014 and the reports of the Directors and auditors on those financial statements.
2. To re-elect Mr Anil Malhotra who retires by rotation and offers himself for re-appointment by general meeting, as a Director of Bango.
3. To re-elect Mr Rudy Burger, who retires by rotation and offers himself for re-appointment by general meeting, as a Director of Bango.
4. To re-elect Grant Thornton UK LLP as auditors until the next Annual General Meeting of Bango at which accounts are laid before the members and to authorize the Directors to determine the auditors' remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass resolution 5 as an ordinary resolution and resolution 6 as a special resolution.

5. That the Directors be and are hereby generally and unconditionally authorized and empowered pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of Bango to allot shares and/or grant rights to subscribe for or to convert any security into shares ("Rights") up to an aggregate nominal value of £3,469,821 (being the nominal value of approximately one third of Bango's issued share capital) such authority to expire on the conclusion of the next Annual General Meeting of Bango following the passing of this resolution or, if earlier, the date 15 months after the date of passing this resolution, save that Bango may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.
6. That subject to and conditional upon the passing of resolution 5 above, the directors be and are hereby generally authorised in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to:
   a) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of equity securities in proportion (as nearly as may be possible) to the respective number of ordinary shares of £0.20 each held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems in respect of overseas holders or otherwise;
   b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to a maximum aggregate nominal value of £520,473 (being the nominal value of approximately 5 percent. of the issued share capital of Bango),

and this authority shall expire on the conclusion of the next Annual General Meeting of the Company following the date on which this resolution becomes unconditional or, if earlier, the date 15 months after the date of passing this resolution save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

By order of the Board,

Company Secretary, Henry Goldstein

Notes:

1. At the date of this notice, 52,047,316 ordinary shares of £0.20 each and the total number of voting rights was 52,047,316.
2. Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.
3. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited at the registered office of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG, by not later than 2:00 pm on Monday, 25 May 2015 (or not later than forty-eight hours before the start of any adjournment of the meeting) together with, if appropriate, the original power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority.
4. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. In order to revoke a proxy appointment you will need to inform Bango by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the registered office of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG, by not later than 2:00 pm on Monday, 25 May 2015 (or not later than 48 hours before the start of any adjournment of the meeting) together with, if appropriate, the original power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, unless you attend the meeting in person, your proxy appointment will remain valid.
6. Bango, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of Bango at 2:00 pm on Monday, 25 May 2015 shall be entitled to attend and vote at this Annual General Meeting in respect of such number of shares registered in their name at that time. Changes to entries on the register of members after 2:00 pm on Monday, 25 May 2015 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
7. Copies of the service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of Bango and will also be made available for inspection at the place of the Annual General Meeting for a period of 15 minutes prior to and during the continuance of the meeting. Copies of this notice will be available at the place of the Annual General Meeting at the same times, and from the date the notice is posted, on Bango's website http://bangoinvestor.wordpress.com/announcements/.
8. Except as provided above, members who wish to communicate with Bango in relation to the meeting should do so by calling our Company Secretary on +44 20 8678 7273 or +44 77 8577 1717. No other methods of communication will be accepted.

Form of proxy

For use at the Annual General Meeting to be held at the offices of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG on Wednesday, 27 May 2015 at 2:00 p.m.

Before completing this form, please read the explanatory notes at the end of this form

Name of shareholder ____

Address ____

____

Number of shares held ____

I/We, being [a] member[s] of Bango PLC (the "Company"), hereby appoint the chairman of the meeting or (see note 3)

____

as my/our proxy (see note 4) to attend, speak and vote for me/us on my/our behalf at Bango's Annual General Meeting to be held at 2:00 p.m. on Wednesday, 27 May 2015 and at any adjournment of the meeting.

I/We have indicated with an 'X' in the appropriate spaces how I/we wish my/our votes to be cast and direct the proxy to vote as indicated.

If this form is signed and returned without any indication as to how my/our proxy shall vote, my/our proxy may exercise his or her discretion as to both how he or she votes (including as to any amendments to the resolutions) and whether or not he or she abstains from voting and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

RESOLUTION (Place X in appropriate box)	FOR	AGAINST	WITHHELD	DISCRETIONARY
Ordinary business				
1. To receive and adopt the accounts for the year ended 31 December 2014				
2. To re-elect Mr Anil Malhotra as a Director				
3. To re-elect Mr Rudy Burger as a Director				
4. To re-appoint Grant Thornton UK LLP as auditors and authorise the Directors to fix the auditors' remuneration				
Special business				
5. To authorise the Directors to allot shares pursuant to section 551 of the Companies Act 2006 (the "Act"), subject to the provisions as set out in the notice				
6. In accordance with section 571 of the Act, to authorise the Directors to allot shares as if section 561(1) of the Act did not apply, subject to the provisions as set out in the notice				

Signature .... Date ....

Signature .... Date ....

Notes for completion of the proxy form

1. As a member of the Company you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You must follow the appointment procedures set out in these notes.
2. Completion and return of this proxy form will not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box above on page 1, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf at the meeting, you will need to appoint someone other than the chairman and give them the relevant instructions directly.
4. If you appoint a proxy to vote on your behalf at this Annual General Meeting, your voting rights will revert to you at the conclusion of the Annual General Meeting or any adjournment of the Annual General Meeting.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, please insert the name of each proxy to be appointed in the box above on page 1 and insert in brackets after each name the number of shares in respect of which each respective proxy is appointed.
6. To direct your proxy how to vote on the resolutions, please indicate how you wish your votes to be cast by placing ‘X’ in the appropriate column. To abstain from voting on a resolution, select the relevant "Vote withheld" box. Please note that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no specific direction as to how you wish your vote to be cast is given, your proxy may vote or abstain, at his or her discretion. On any other business which is put before the meeting (including a motion to adjourn the meeting or to amend a resolution) the proxy will vote (or abstain from voting) at his or her discretion.
7. To be valid, this proxy form must be:
   a) completed and signed;
   b) sent or delivered to the Company Secretary at Bango, 5 Westbrook Centre, Cambridge, CB4 1YG; and
   c) received by the Company Secretary no later than 2:00 p.m. on Monday, 25 May, 2015.
8. If a member is a company, this proxy form must be executed under its common seal (or such form of execution as has the same effect) or executed on its behalf by a duly authorised officer of the company or an attorney for the company. A copy of the authorisation of such officer or attorney must be lodged with this proxy form.
9. If this proxy form is executed under a power of attorney or any other authority the original power or authority (or a duly certified copy of such power or authority) must be lodged together with this proxy form.
10. In the case of joint holders, any one holder may sign the form of proxy but all the names of the joint holders should be stated on this proxy form. If more than one of the joint holders purports to appoint a proxy, the appointment submitted by the most senior holder will be accepted to the exclusion of the appointment(s) of the other joint holder(s), seniority being determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding (the first-named being the most senior).
11. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
12. Any alterations made to this form should be initialled.
13. You may not use any fax number or email address or other electronic address provided in this proxy form or the documents accompanying this proxy form to communicate with the Company for any purposes other than those expressly stated.

If you have any queries completing this form please contact the Company Secretary on telephone number +44 20 8678 7273 or +44 77 8577 1717.

Explanatory notes

Report and Accounts (Resolution 1)

The Directors of Bango must present the accounts to the meeting.

Re-election of Directors (Resolutions 2 and 3)

The Company's articles of association require that approximately one third of the Board, and any Director newly appointed since the last AGM, retire and seek re-election at each annual general meeting. Furthermore in line with the Combined Code on Corporate Governance, it is the Company's practice that any non-executive Director having been in post for nine years or more is subject to annual re-election.

At this meeting, Mr Anil Malhotra and Mr Rudy Burger will retire and stand for re-election as Directors. Having considered the performance of and contribution made Mr Anil Malhotra and Mr Rudy Burger, the Board remains satisfied that their performance continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Reappointment and remuneration of auditors (Resolution 4)

Resolution 4 proposes the reappointment of Grant Thornton UK LLP as auditors of the Company and authorises the Directors to set the auditors' remuneration.

Directors' authority to allot shares (Resolution 5)

Directors may only allot shares or grant rights to subscribe for or to convert any security into shares ("Rights") if authorized to do so by shareholders. Such authorization is not required for the grant of options (or the issue of shares on exercise of such options) under an employee share scheme. The authority granted at the last Annual General Meeting is due to expire at the conclusion of this year's Annual General Meeting. Accordingly, this resolution seeks to grant a new authority to the Directors to allot shares and/or grant Rights and will expire at the conclusion of the next Annual General Meeting of Bango (normally in 2016) or, if earlier, on 27 August 2016 (the date which is 15 months after the date of passing of the resolution). There is no present intention of exercising this authority, which would give Directors authority to allot shares and/or grant Rights up to an aggregate nominal value of £3,469,821 which is approximately one-third of Bango's issued ordinary share capital as at 1 March, 2015.

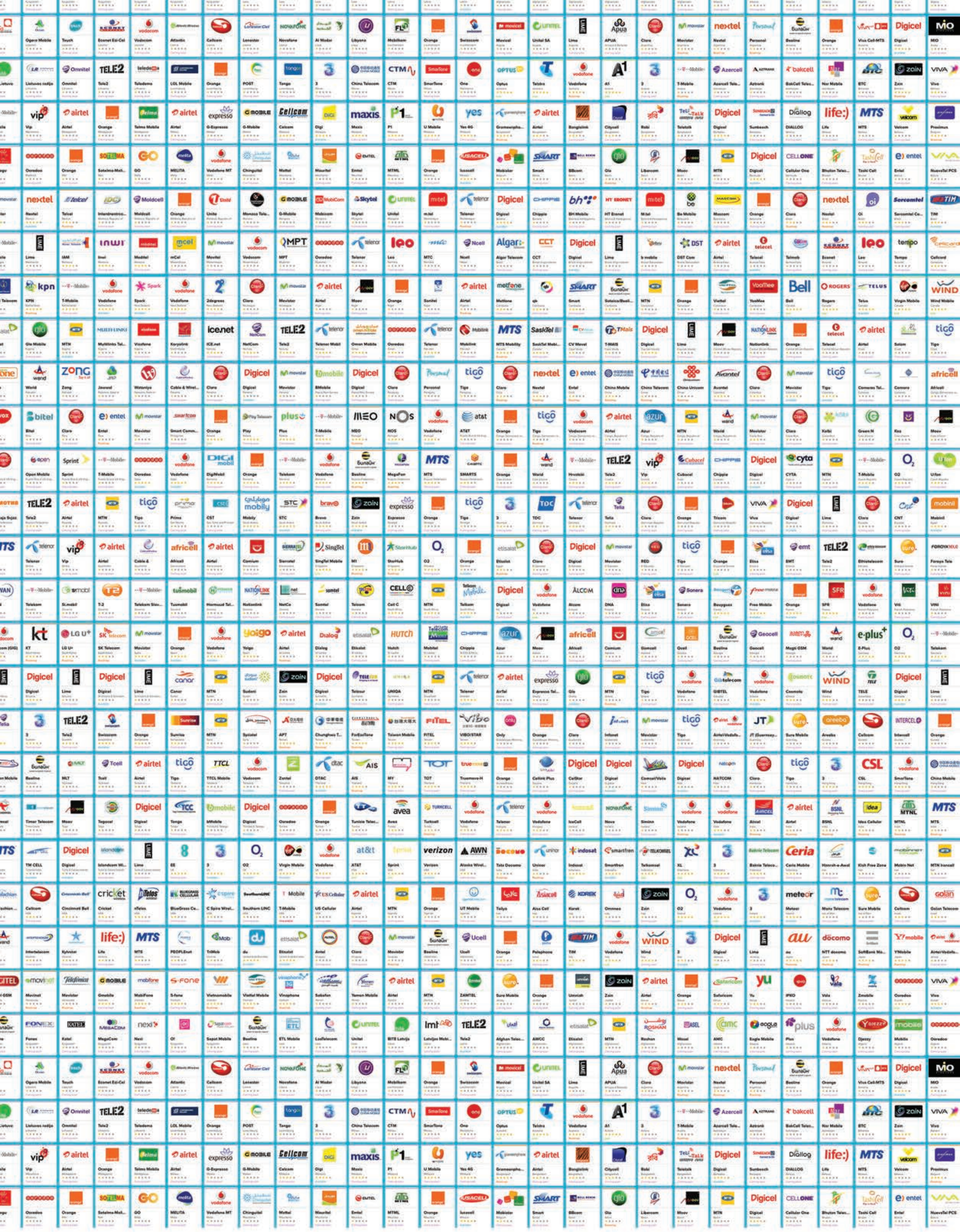
Disapplication of pre-emption rights (Resolution 6)

Under section 561(1) of the Act, if the Directors wish to allot equity securities (as defined in section 560 of the Act) (other than following an exercise of options granted under an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 6 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to the issue of equity securities for cash up to a maximum nominal value of £520,473 (being 2,602,366 ordinary shares of £0.20 each), which is equivalent to approximately 5 per cent of Bango's issued ordinary share capital as at 1 March, 2015.

Resolution 6 also seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

If resolution 6 is passed, the authority will expire at the conclusion of the next Annual General Meeting of Bango (normally in 2015 or, if earlier, 27 August, 2016 (the date which is 15 months after the date of passing of the resolution). Shareholders will note that this resolution will be proposed as a special resolution.



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