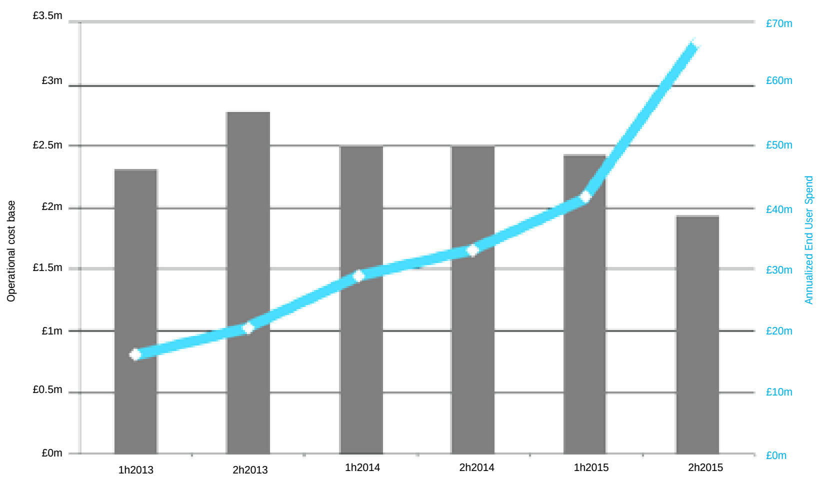
Annual Report 2015

Contents

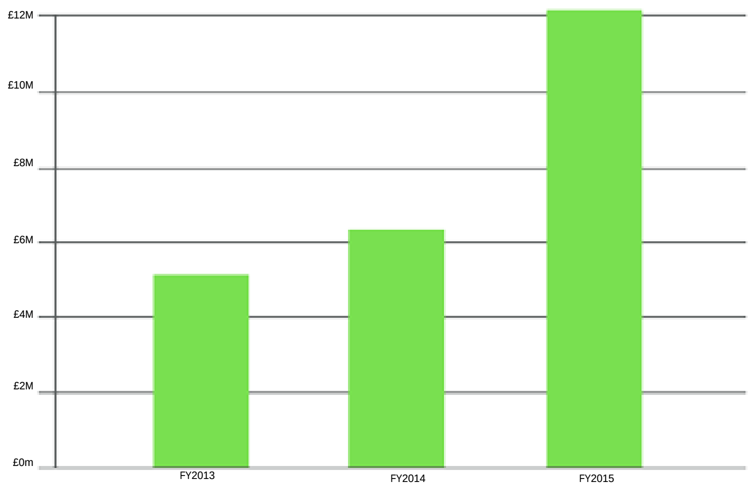
Highlights

Operational costs and annualized end user spend



- FY2015 End User Spend (EUS) exit run rate over 100% higher than FY2014 EUS exit run rate at £67m pa
- EUS for the whole year increased 78% to £44.7m (FY2014: £25.2m)
- Stable cost base of £4.4m (FY2014: £5.0m) demonstrating the technology and systems can deliver growing volumes at fixed cost on the route to profitability

Cash and cash equivalents



- Cash balance of £12.1m (including £11m fundraise in November 2015) (FY2014: £6.3m (including fundraising of £6.0m))

Year end highlights

Market development

Activated Direct Carrier Billing in emerging markets for Google, BlackBerry, Microsoft and Samsung, including the first Google Play carrier billing launched in Latin America and Africa

Partner development

Expanded collaboration with Microsoft (announced January 2016) to enable Direct Carrier Billing on Windows 10 devices including tablets and PCs

Product development

Started second phase roll-out of Bango Boost technology to six additional Mobile Network Operators (MNOs) following success in first phase with 20-70% uplift in End User Spend

Bango at a glance

Bango's 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.

Bango sees a world where anyone connected to the internet can easily pay for any product or service, from any online store on any device. Where payments simply work, quickly and reliably every time, without complex registration processes.

Most people in this connected world remain excluded and unable to pay. The elegance of a simple cash system has been lost to the complexities of registration, authentication and risk management. Bango is revolutionizing payment technology for our smart, connected, social world to reintroduce simplicity and inclusion globally.

#1 for app store carrier billing

The Bango Payment Platform powers more app store carrier billing routes than anyone else.

"Bango dominates the third party carrier billing marketplace with over 40% of the total app store direct carrier billing connections." This is the conclusive finding of a report published by Progressive Equity Research, September 2015.

The report found that app stores are driving the requirement for a unified Direct Carrier Billing (DCB) platform, one that provides a global payment method, which can deliver the user experience, reporting and analytical demands of these internet giants.

Partner development

Why partners choose Bango

The Bango Payment Platform has significant advantages which have led to its position as the number one app store carrier billing provider, including:

Higher conversion rate

Bango technology produces a higher conversion rate from Direct Carrier Billing than any other method

Improved performance

Bango's multiple integrations reduce risk and increase performance through the shared experience of a common platform

Delivering scale

Partners deliver carrier billing at scale by integrating once with the Bango Payment Platform

Chairman's statement

"The high growth in EUS, together with the increasing number of carrier billing routes that were activated around the world in FY2015, show that Bango is delivering against its strategy"

During FY2015 Bango achieved a number of key milestones, and above all I am particularly pleased with the accelerating growth rate in EUS. Bango has continually emphasized that growing EUS is the key priority for the business in order to maintain its market leadership position and create value add for its customers. The high growth in EUS, together with the increasing number of carrier billing routes that were activated around the world in FY2015, show that Bango is delivering against its strategy to become the industry platform that enables every smartphone user to quickly and easily pay for digital content.

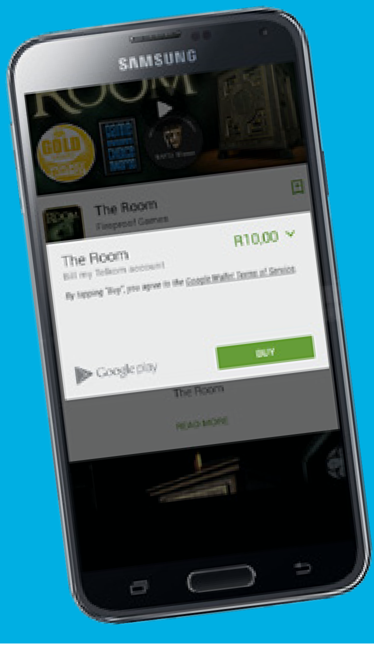
Bango technology enables very high volumes of transactions to be processed through a fixed cost system. Consequently, every transaction through the platform contributes to gross profit and increased transaction volume drives Bango towards profitability. This enables Bango to establish sustainable pricing models that have longevity as business scales up. As reporting or computations required by complex markets, currency conversion or additional technology, such as Bango Boost, are deployed through the Bango Payment Platform, additional margin can be generated without increasing the cost of delivery.

Bango continued to develop its relationships with the world's major app stores, opening up new markets, enabling more people to purchase app store content, and using Bango technology to deliver increased transaction success rates. The power and flexibility of the Bango Payment Platform to quickly and easily integrate carrier billing routes in new, and sometimes financially complex markets was demonstrated repeatedly. Bango took Google into new markets, and launched their first DCB activations in Africa and South America. Bango will continue to activate DCB routes in the markets that are important to Microsoft, Amazon, Google and other leading app stores. Each payment route that is activated can be used across all app store partners, building a strong network effect and contributing to the powerful analytical data that can be used to increase spending growth through the Bango Payment Platform.

I have been impressed by the Bango team's relentless effort to deliver even greater value for their partners through innovations such as Bango Boost, which, in initial implementations has delivered between a 20 and 70% increase to EUS in established routes. These initiatives will further support Bango's market leadership position, at a time when the mobile payments industry moves in the direction pioneered by Bango. We will continue to invest in developing technology to further similar initiatives.

In November 2015 Bango completed a fundraise of £11m to support growth and market expansion as an independent company with its app store partners, while maintaining a healthy balance sheet. I look ahead to FY2016 with the confidence that Bango will continue to capitalize on greater opportunities opened up through market growth, new payment routes and an increasing range of content and services promoted by the different app store partners.

David Sear
Chairman



Partner development

Bango take Google Play to Africa

Bango and Telkom South Africa partnered to launch carrier billing in Google Play, a first for Africa.

Telkom customers using Android smartphones and tablets have been quick to purchase their favorite apps, games, music and other content using one-click carrier billing. This gives customers with limited or no access to other payment methods the ability to buy from the huge range of content in the Google Play store. Google's Android platform currently represents 89% of the smartphone market in Africa (IDC 2015).

Product development

Bango Grid - Growing the market

There are thousands of carrier billing routes yet to be activated across the major app stores. Bango, the market leader has activated over 160, highlighting the massive growth potential.

Bango Grid is a unique resource for Bango app store partners to plan their payments strategy. Bango Grid enables partners to quickly find the key vital statistics of every mobile operator globally, and a range of other relevant payment methods. It helps them rapidly assess technical and operational compatibility and manage the full activation process with minimal risk. Once live, Bango Grid consolidates all reports and live data through a single, integrated system. For operators wanting to deliver alternative payments at scale, Bango Grid is a unique capability that gets them live rapidly and securely, reducing launch costs and getting to customers and revenue faster.

Market development

Bango CEO joins UK Prime Minister on Asia trade mission

Bango were among financial technology companies who travelled to Asia with UK Prime Minister David Cameron. The government-led trade mission highlighted the UK's world leading financial technology sector, notable for the global success of small and medium sized financial tech companies.

The mission opened many doors for Bango, enabling a number of deals to be agreed with Asian mobile operators.

CEO's statement

FY2015 has been a year of strong commercial progress for Bango. The Bango Payment Platform demonstrated its capability to make more sales for Bango partners by delivering accelerating growth in EUS.

Bango demonstrated its increasing importance to its partners by growing its levels of activations, new routes and increasing the pipeline of activations to in excess of 200 new opportunities. I would like to thank my colleagues for their dedication in building Bango's powerful, reliable and secure payments platform and making it the number one choice in the fast growing market for app store payments.

Key developments in emerging markets

As a leading UK headquartered Fin-Tech business, I was invited to represent Bango alongside the UK Prime Minister on a financial technology trade delegation to South-East Asia. During the trip I was able to announce new payment routes in Taiwan and Indonesia, and the completion of seven mobile payment agreements with Mobile Network Operators across Asia. Smartphone adoption is rising fast in these markets, as are household incomes. Consumers are starting to demand content and personalization via their smartphones - normally their only route to the internet. Bango is opening up access to high quality paid content and services for these people from Google, Samsung, Microsoft and BlackBerry, and helping local developers prosper in their local market and potentially outside their home country.

Bango is committed to developing its business in Asia. Sales presence in the market was strengthened to include new offices in Singapore and Japan. I am delighted that we were able to hire Andy Suzuki to head Bango Japan, which was established earlier this year. Andy has held senior positions in global corporations and brings great experience developing technology partnerships with Japanese customers. While focused on Japan, he will provide senior management support for the Bango team across the Asia-Pacific region.

Many Bango investors are surprised to learn that payment options beyond credit cards also provide substantial uplifts in sales in developed markets where consumers have greater disposable income, and where credit cards are often more popular. In FY2015, Bango activated new DCB routes in Germany, Spain and United Kingdom for major app store partners who understand the importance of DCB alongside credit cards.

Of the more than 200 opportunities that are being progressed in the activations pipeline, there is a good balance between emerging and developed markets across the major app stores.

Technology focus and R&D expansion

The power of a platform based internet service is that the innovations and technology that Bango develop initially for one customer, becomes available to others through the common platform, without significant further cost.

In many markets, mobile operators and other providers are developing innovative mobile payment systems that work alongside traditional DCB. The Bango Payment Platform can quickly and easily integrate with almost any payment system, and present these options through the standard Bango API to existing or new stores. Trials are already underway in selected markets.

These non-DCB payment options can often enable app stores to collect payment where DCB is not commercially viable or is blocked by regulation. Bango views this as an opportunity to provide additional value to its global partners and increase Bango's addressable market, adding more growth to the EUS processed through the Bango Payment Platform and earning additional margin.

To accelerate and streamline the process of launching new activations, Bango launched Bango Grid in 2015. Bango Grid also allows non-DCB payment methods to be rapidly made available alongside DCB to Bango's partners.

Bango systems are regularly tested to verify that they can comfortably process well in excess of $1Bn/£650m EUS per year using the current datacenters, hardware and software that deliver the Bango Payment Platform technology and services. During 2h2016 Bango will confirm that the current architecture can reliably, safely and securely process substantially beyond the currently verified levels, with little or no incremental operating cost.

"Building on its strong progress during FY2015 in EUS, new activations, pipeline growth and renewed app store contracts, Bango is confident that this momentum will continue into FY2016"

Outlook

The wider payments market continues to evolve. Mobile payments are taking a growing proportion of the overall global payments market, and within that DCB is becoming an increasingly popular and widely available method for mobile payment.

Bango has pioneered DCB for 15 years and continues to maintain its pace of innovation and leadership. Building on its strong progress during FY2015 in EUS, new activations, pipeline growth and renewed app store contracts, Bango is confident that this momentum will continue into FY2016.

Bango's primary focus for the year is concentrated on impressing its app store partners and mobile operators by increasing EUS through the Bango Payment Platform. Most EUS growth comes from established activations, but new activations continually become established, and make significant contributions in their second and third years. FY2016 will see a greater contribution from newer markets, where DCB has only recently been launched; this will lead to more EUS from prior year activations growing the FY2016 and FY2017 EUS. As with most early stage businesses with high potential, the speed that new markets contribute significant EUS has to date been difficult to predict, but as we continue to grow the Bango footprint we are better able to determine which new markets will be significant for Bango's EUS and ultimately margin. The Bango Payment Platform can deliver a more than ten-fold increase in transaction volumes without additional cost. This enables Bango to provide its platform and services with flexible pricing to suit the needs of major partners.

The investments in technology and automation during the last few years have enabled Bango to reduce the human involvement in integrations, activations and the round the clock operation of datacenters and other operational processes. As a result, Bango has been able to move people from operational roles to roles that more directly drive customer success and grow EUS. For example, 24/7 staff that need to be available in case of problems are now able to spend more time training mobile operators in the use of Bango Boost tools, and in helping operators improve the performance of their DCB systems. We expect this trend to continue in the coming year, enabling Bango to spend more time providing app stores and mobile operators with tools to grow their EUS, without increasing Bango costs.

Ray Anderson
Chief Executive Officer

Product development

Bango Boost - generating more revenue from carrier billing

Bango Boost allows our partners to maximize billing revenues by analyzing how payment conversion rates can be increased. The analysis focuses on information including spend limits, price points, user spending profiles, payment velocity, user identification errors and ranks individual payment routes against Bango's industrywide benchmarks. The analysis is made possible by harnessing the unique insights captured through the Bango Payment Platform. In trials, partners experienced 20% - 40% revenue gains, and in the best case over 70% extra revenue from carrier billing.

CFO's statement

End User Spend

Bango has achieved significant growth in EUS, up 78% to £44.7m from £25.2m. Bango also saw over 100% growth in the December 2015 annualized EUS figure compared to December 2014, resulting in an exit run rate of £67m. This growth in EUS is particularly impressive considering the substantial adverse impact of foreign exchange movements in the currencies of Bango's largest markets. Bango is positive that the rapid growth in EUS will continue in FY2016 and this growth will be achieved from existing and new activations. As Bango continues to progress its strategy of activating the major app stores to a growing number of mobile operators, the growth in EUS will continue.

App stores or mobile operators pay Bango a share of their EUS. The Bango Payment Platform that delivers this service can handle substantially higher volumes at a fixed cost and is treated as a fixed operational expense. With no cost for processing transactions, the increasing EUS leads to increasing fees which all contribute towards gross profit.

Turnover

Turnover is a blended figure made up from 100% of the value of EUS transactions where Bango is the principal and the gross profit only where Bango is an agent, combined with the total value of platform fees. Turnover in FY2015 was £3.2m compared to £5.1m in FY2014 due to the growth of agency sales through the platform; if the agency revenue continues to grow faster than the principal business then the total gross margin would still grow even if turnover decreases.

Margin expressed as a percentage of End User Spend

Gross margin on end user activity for the period was £0.8m, showing an increase from £0.6m in FY2014. Margin has not kept pace with EUS, because a significant part of growth in EUS came from larger, developed markets. Fees charged for incremental volumes in these markets are generally lower as a proportion of EUS than in early stage markets which are at lower volumes and which may have higher per transaction fees.

Blended margin for the year was 1.8%. The key factors driving this blended margin are:

- Large route growth: There is considerable focus on deploying Bango Boost technology to grow the largest routes as quickly as possible. These have the biggest impact on the success of Bango partners. Due to the volume based pricing on some of these routes, the faster the growth, the more impact there will be on driving down the percentage margin, although the absolute margin always increases with volume

"As Bango continues to progress its strategy of activating the major app stores to a growing number of mobile operators, the growth in EUS will continue."

- New route deployment: There are dozens of smaller routes across a range of app stores, more than 30 are currently scheduled for deployment and a pipeline of over 200 routes opportunities for activation. Many of these routes have contracted fees considerably in excess of the long term 2% blended outlook

At this stage in 2016 it is difficult to predict the growth pace of new routes, in the year to date, the larger routes are continuing to grow very well, following the pattern of FY2015. If Bango's larger routes do continue to significantly outperform less developed markets, the blended margin may reduce further – even though the absolute gross profit will rise.

There was a decrease in platform fees to £0.5m (FY2014: £0.7m) as a result of Bango's strategy announced in 2014 to remove potential barriers to entry that may impact growth in EUS.

The total gross profit for the year was £1.3m, compared to £1.3m for the FY2014, with the reduction in platform fees balanced by growth in EUS margin.

Administrative expenses

Administrative expenses were lower in FY2015 at £4.4m compared to £5.0m in FY2014. This reflects operational processing efficiencies resulting from previous investment and development of the platform, as well as transfer of duties from operational tasks to customer education around Bango Boost technology. This decrease in administrative expenses resulted in a reduction in the operating loss to £5.0m (FY2014: £5.4m).

Amortization of intangible assets in the year was £1.0m (FY2014: £0.8m) as further R&D projects capitalized in prior years were deployed. Depreciation for the year totaled £0.5m (FY2014: £0.5m).

Share based payment costs of £0.4m in FY2015 (FY2014: £0.4m), are part of the compensation package that Bango uses to attract and retain key employees in such a competitive market.

Raising of additional capital

In December 2015, Bango raised £11.0m before expenses in a placing of 12,222,222 new ordinary shares, with both new and existing institutional investors. The funding is expected to take Bango comfortably through to profitability and ensure sufficient cash reserves to give comfort to current and future Bango partners.

Balance sheet

Net assets of Bango were £15.9m at 31 December 2015 (at 31 December 2014: £9.8m).

Cash balances increased to £12.1m at 31 December 2015 (at 31 December 2014:

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bangoinvestor.com

£6.3m), this was driven by the increase in cash from the fundraise which raised £10.4m (net of fees) at the end of the year. With a stable cost base, and a future of growing margin Bango should move closer to cash generation.

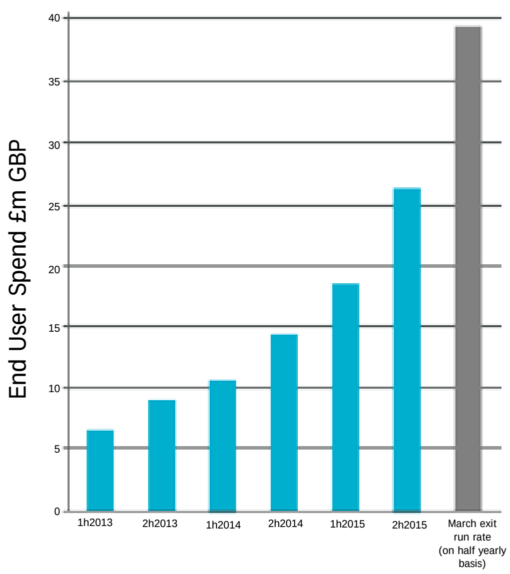
Intangible assets remained consistent at £3.4m (at 31 December 2014: £3.5m) as a result of on-going internal development work being capitalized, compensating for the amortization charges in the year.

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

Investment in new markets

During FY2015 and in the first quarter of FY2016, Bango invested in developing the appropriate corporate and contractual structures to support new territories. Structures may be established to support a market by deployment of technology but without a Bango entity - as in India for example, or by the creation of new group entities being set up, as in Nigeria and Japan. These structures support the high levels of EUS expected by Bango partners in these markets. There was an increase in spending on sales and marketing activities to train partners in the use of Bango technology to grow EUS, and to develop new markets and expand opportunities for EUS growth. This spending has been offset by substantial efficiency gains in operational areas due to deployment of Bango technology, and insourcing of previously outsourced services to reduce costs going forward and improve quality and reliability.

Gerry Tucker
CFO



Financial

Key Performance Indicators (KPIs)

End User Spend (EUS)

The total value of all payment transactions through the Bango Payment Platform net of VAT or other sales taxes. By monitoring the EUS we can see the growth in transactions through the platform and monitor both the increasing sales and the capacity in the system to handle more transactions.

Net profit

With a consistent cost base that has capacity to scale to handle increased transaction volumes, growing EUS will lead to breakeven faster. It is important to know that increasing EUS will not require increasing costs to process.

Cash balances

The Bango board reviews a 2 year cash forecast on a monthly basis to ensure that the company has the appropriate resources. As Bango is not currently cash generating it is important for our major stakeholders, particularly our customers, to have comfort that Bango has sufficient resources to keep trading.

The non-financial KPIs are relationships with mobile operators and leading app stores. Growing and developing these relationships will ensure that Bango has the contracts in place to grow its market share and EUS.

Gross profit

Bango makes a small profit from every single transaction through the platform, growing EUS will lead to increasing gross profit. This is important because with a fixed cost basis, Bango will need to increase its gross profit to become cash generating.

Market development

Japanese expansion

Japan's dynamic and valuable mobile economy is a major focus for our app store partners.

Bango strengthened its global footprint by expanding its Japanese presence. The newly opened office for Bango Japan will be headed up by a senior Japanese executive, as part of Bango's continued commitment to support its partners in major mobile markets.

Our new Japanese office will enhance Bango's core presence and enable us to be closer to our partners in Japan.

Partner development

Expanded Windows 10 agreement

Bango expanded its collaboration with Microsoft to enable carrier billed payments across all Windows 10 devices.

The successful relationship scaled-up to include PC, tablet and smartphones.

As a result, charging payments to the users' phone bills will become available to more than 110 million devices running Windows 10.

"Bango offers our operator partners a sophisticated platform for launching, managing and growing carrier billing business in the Windows Store."

Todd Brix
Windows Store general manager

Strategy for growth

Increasing End User Spend (EUS) through the Bango Payment Platform is the measure of growth.

Three factors drive EUS: App store EUS growth through activated routes; More activated routes; More app stores using the Bango Payment Platform.

1. App stores focus on growing their EUS wherever a payment route is available. They increase the range and quality of content in their store and enable increased marketing to consumers by developers selling through the store. Bango Boost technology and the Bango Dashboard provide the technology that gives an app store and the mobile operator the information and insights that enable higher success in payment, thereby increasing EUS.

2. When Bango has integrated with a mobile operator, all the app stores using Bango can activate that route, and in doing so they increase their conversion rates and increase EUS. Bango has developed its platform and technology to make the technical process of integration a fast and low cost exercise – which supports this key growth driver. Bango Grid was launched during 2015 to further accelerate this process.

   The commercial and regulatory challenges necessary to activate an app store can also be challenging – with the demands of an app store for global consistency frequently not matching the way carrier billing and sales of digital goods are regulated within a country. Bango has delivered innovative structures to enable app stores to launch into markets that would be almost impenetrable for an app store operating direct. There is an opportunity for Bango to grow the number of routes faster by increasing the level of commercial innovation, especially into new markets, while maintaining a very low level of risk. This opportunity could not only increase EUS by opening up new routes, but will be a new source of value which can generate additional transactional margin. The opportunity is increasing as new payment methods such as wallets and peer to peer value transfer start to deploy alongside Direct Carrier Billing.

3. New app stores can be integrated with the Bango Payment Platform. Once integrated technically with the Bango API, they can use the innovative Bango Grid to activate existing and new Bango payment routes and then use the new Bango Boost technology to grow them faster. Bango is focussed on helping the few remaining app stores that have not deployed carrier billing at scale understand the benefits of Bango as their platform provider.

Partner development

Bango take Google Play to Latin America

Bango launched Google Play and Microsoft's Windows Phone Store with multiple mobile operators in Mexico. For Google these launches were their first in Latin America, a region where smartphone growth has been dramatic in the last 2 years.

Now is the ideal time to be expanding in the Latin America region – a year on year increase of smartphone units sold reaching 59% make it the highest growth mobile market in the world (CNBC, 2015).

Principal risks and uncertainties

Financial risk management objectives and policies

Bango monitors the financial risks to which it is exposed through its business activities. The board and key management personnel regularly review these risks and assess the controls that have been put in place to mitigate them. 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 on the financial risks.

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. Due to the nature of the business there is not a significant credit risk from our payment partners and this does not impact our liquidity risk.

Currency risk

Overseas currency sales are largely offset by costs in the same currency, therefore exposure to currency risk is considered to be relatively small. See note 21 for further information. 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. 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.

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 available to all employees (notes 7 and 12).

Payment providers

The current business model is dependent on payment providers. These are therefore key trading relationships to the Group. The Group manages risk through regular dialogue and investment in relationships with payment providers.

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 extensive testing of Bango by 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 seven Directors, four identify as male, two as non-binary and one as female. There are eight other key management personnel of which four identify as male and four as female.

The strategic report which incorporates pages 3 to 13 was approved by the Board of Directors, and signed on its behalf by:

Ray Anderson
CEO

Financial

Bango business models

Bango operates two business models, with no preference. To support our partners' needs, Bango can operate different models, in different countries for the same app store.

Principal model

Bango are the merchant of record buying and reselling the content to end users. Bango manage the payments to developers and app stores.

All EUS is in the turnover and all of the associated costs of sale are recognized.

Agent model

Bango earn a percentage fee from the operator or app store for each transaction. Bango do not buy or sell content, or have reporting and payment responsibilities to developers.

Only profit from each transaction is recognized.

Product development

Don’t DIY

In 2015 Bango ran a global campaign targeting operators considering integrating directly into app stores. The campaign highlighted the risks of “DIY” carrier billing, concluding that the vastly greater expertise and specialist “tools for the job” provided by Bango guarantee quality and an injury-free experience!

Before operators seriously consider a DIY integration into an app store, they need to understand the five most common dangers of a Do It Yourself (DIY) approach to carrier billing integration:

It went over budget

Underestimating resources and requirements are classic DIY errors leading to many projects going over budget.

It’s late

It’s ok to learn as you go if you have plenty of time and no revenue risk. But remember if you DIY - the revenue you lose for each delayed month is lost forever.

It doesn’t work like it’s supposed to

If you don’t have the specialist knowledge, previous experience and technical architecture the finished product may not be what you hoped for.

It worked ok…for a while

A hidden danger of DIY is that you are on your own. You don’t know what is and isn’t working until after you have finished the project.

I didn’t plan for that

It is easy to underestimate project complexity leading to even more lost time and money. With DIY projects you can damage yourself and your reputation!

“We wanted to work with a partner that has experience across all app stores, a partner that has done this before, and that would allow us to go to market quickly. Bango was the logical conclusion to our search”

Prince Thomas
Digital services development lead, du

Partner development

Success story

du, one of the largest operators in the UAE launched carrier billing in five app stores within nine months of integrating into the Bango Payment Platform. Successfully realizing the one-to-many effect of the Bango Payment Platform.

Directors

Bangotel REPUBLIC OF BANGO

Surname
SEAR

Given name
DAVID

Title
CHAIRMAN

Nationality
BRITISH CITIZEN

Start date
2010

Sex
MALE

Experience
- Group Chief Executive at Skrill
- extensive experience in the payments industry

History
- Chief Executive at Weve, the joint venture between EE, Telefonica UK (O2) and Vodafone UK
- six years at Travelex, the world's largest non-bank payments provider
- three years as Commercial and Scheme Managing Director at Voca
- founding member of WorldPay

Bangotel REPUBLIC OF BANGO

Surname
Anderson

Given name
Ray

Title
CEO

Nationality
BRITISH CITIZEN

Start date
1999

Sex
NON-BINARY

Experience
- over 30 years experience in starting, growing and selling businesses
- named 'Business Person of the Year' in 2012

History
- co-founded Bango in 1999
- established IXI which created the industry standard network GUI - X.desktop
- IXI was an early leader in the creation of the web

Bangotel REPUBLIC OF BANGO

Surname
MALHOTRA

Given name
ANIL

Title
CMO

Nationality
BRITISH CITIZEN

Start date
1999

Sex
NON-BINARY

Experience
- responsible for Bango's marketing activities and app store partnerships
- extensive experience of creating successful partnerships

History
- co-founded Bango in 1999
- developed major partnerships for Cyberlife Technology, one of Europe's leading computer games technology developers
- worked with Bango CEO Ray Anderson to establish X.desktop as the global user interface standard for networked computers

Bangotel REPUBLIC OF BANGO

Surname
ELIAS-JONES

Given name
RACHEL

Title
CFO

Nationality
BRITISH CITIZEN

Start date
2016

Sex
FEMALE

Experience

- experienced finance leader and Chartered Accountant
- provides strategic guidance to Bango app store and operator partners
- responsible for overall financial management of the Bango Payment Platform

History

- Bango Financial Controller, ensuring innovation of critical finance functions and commercial flexibility
- five years in practice at 'top 5' audit firms, specializing in the technology and listed sectors

Bangotel REPUBLIC OF BANGO

Surname
TUCKER

Given name
GERRY

Title
STRATEGIC PARTNERSHIPS DIRECTOR

Nationality
BRITISH CITIZEN

Start date
2012

Sex
MALE

Experience

- senior management experience in computer games industry and large telco experience
- vast experience in corporate mergers and acquisitions, finance regulation, financial modelling and fast growth businesses

History

- telco, software and games companies
- senior financial and operational positions include Kuju Entertainment, Activision, Vodafone Ireland and Deloitte

Bangotel REPUBLIC OF BANGO

Surname
RIGBY

Given name
MARTIN

Title
NON-EXECUTIVE DIRECTOR

Nationality
BRITISH CITIZEN

Start date
2007

Sex
MALE

Experience

- co-founder and CEO of Psonar, the internet music service
- founder and a managing director of ET Capital, an early investor in Bango

History

- investing in innovative technology businesses for over 25 years
- Non-executive Chairman of FSE Fund Managers
- advisory board member of the Bettany Centre for Entrepreneurship at Cranfield University

Bangotel REPUBLIC OF BANGO

Surname
BURGER

Given name
RUDY

Title
NON-EXECUTIVE DIRECTOR

Nationality
UNITED STATES OF AMERICA

Start date
2010

Sex
MALE

Experience

- managing Partner at Woodside Capital, a Silicon Valley investment bank for emerging growth companies
- serves on the boards of several US and European companies

History

- founded five companies in the digital media technologies sector
- 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 R Elias-Jones – CFO (appointed 14 March 2016) G Tucker – Strategic Partnerships Director (CFO until 14 March 2016) 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	The Graybar Building 420 Lexington Avenue Suite 300 New York, NY 10170 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 2015.

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 2015	Ordinary shares of 20p each 31 Dec 2014
D Sear	**-**	-
R Anderson	**6,624,036**	6,624,036
A Malhotra	**4,006,815**	4,006,815
M Rigby	**14,067**	14,067
G Tucker	**11,933**	11,933
R Burger	**-**	-
R Elias-Jones	**-**	-

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 2015**	31 Dec 2014
G Tucker			
18 September 2015	£0.885	**32,500**	-
16 March 2015	£1.060	**32,500**	-
22 October 2014	£1.010	**32,500**	32,500
01 April 2014	£1.360	**32,500**	32,500
4 October 2013	£1.260	**32,500**	32,500
26 March 2013	£2.325	**132,500**	132,500
Total		**295,000**	230,000
D Sear			
7 February 2011	£1.530	**100,000**	100,000
R Anderson			
18 September 2015	£0.885	**32,500**	-
A Malhotra			
18 September 2015	£0.885	**32,500**	-
R Elias-Jones			
18 September 2015	£0.885	**20,000**	-
16 March 2015	£1.060	**20,000**	-
22 October 2014	£1.010	**20,000**	20,000
01 April 2014	£1.360	**20,000**	20,000
4 October 2013	£1.260	**12,000**	12,000
26 March 2013	£2.325	**8,000**	8,000
20 September 2012	£1.665	**7,500**	7,500
		107,500	67,500

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 2014: £nil).

Post balance sheet events

After the year end the group has set up a new trading entity in Japan, called Bango Kabushiki Kaisha, a 100% owned subsidiary of Bango PLC.

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 £12.1m at 31 December 2015 (31 December 2014: £6.3m) and financing debt of £0.4m (31 December 2014: £0.6m). Significant investment in technology development continues to be made. Bango raised £10.4m net of expenses during 2015. 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 activations 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 10 March 2016 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	11,107,924	17.24
Herald Investment Management	9,281,267	14.40
Odey Asset Management LLP	7,088,000	11.00
Inflection Point Investments LLP	3,135,139	4.87
Schroders Investment Management	2,880,525	4.47
Hargreave Hale	2,501,266	3.88
Wellington Management Company	2,162,314	3.36

Directors' responsibility

The following statement, which should be read in conjunction with both reports of the auditor set out on page 22, is made in order to distinguish for shareholders the respective

Directors' report

responsibilities of the Directors and of the auditor in relation to the financial statements.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have 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 the parent company financial statements in accordance with IFRS. 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 have been followed subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Bango 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 Bango 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 Bango'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, Strategic Partnership Director 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 November 2015. Due to new partners 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 partners. 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 2015 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 Bango 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 Bango.

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 financial statements of Bango PLC for the year ended 31 December 2015 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity, the statement of financial position of Bango PLC, the statement of changes in equity of Bango PLC, the cash flow statement of Bango PLC 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 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 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 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 financial statements:

- give a true and fair view of the state of the group's and parent company’s affairs as at 31 December 2015 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provision of the Companies Act 2006.;
- the financial statements 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 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 require 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.
- certain disclosures of Directors’ remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Paul Naylor, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
14 March 2016

Consolidated statement of financial position

	Note	31 Dec 2015 £	31 Dec 2014 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	**507,295**	777,254
Intangible assets	5	**3,446,612**	3,491,252
		3,953,907	4,268,506
Current assets			
Trade and other receivables	6	**1,128,897**	1,109,816
Research and Development tax credits	6	**225,974**	236,028
Cash and cash equivalents		**12,135,326**	6,253,487
		13,490,197	7,599,331
Total assets		**17,444,104**	11,867,837
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	**12,886,350**	10,399,463
Share premium account		**30,101,510**	22,098,603
Merger reserve		**1,236,225**	1,236,225
Other reserve		**1,896,842**	1,526,650
Accumulated losses		**(30,211,087)**	(25,461,538)
Total equity		**15,909,840**	9,799,403
LIABILITIES			
Current liabilities			
Trade and other payables	8	**1,170,244**	1,478,293
Finance lease liabilities	9	**268,476**	296,817
		1,438,720	1,775,110
Non-current liabilities			
Finance lease liabilities	9	**95,544**	293,324
		95,544	293,324
Total liabilities		**1,534,264**	2,068,434
Total equity and liabilities		**17,444,104**	11,867,837

These financial statements were approved by the Directors on 14 March 2016 and are signed on their behalf by:

R Anderson
Director

G Tucker
Director

Company registration number 05386079

The notes on pages 27 to 51 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	31 Dec 2015 £	31 Dec 2014 £
Alternative performance measure (Non-IFRS)			
End User Spend	4	**44,684,300**	25,167,767
Turnover	4	**3,199,566**	5,093,952
Attributable to digital merchants	4	**(1,024,793)**	(2,703,363)
		2,174,773	2,390,589
Cost of sales – payment providers	4	**(907,697)**	(1,051,928)
Gross profit		**1,267,076**	1,338,661
Other administrative expenses	10	**(4,411,328)**	(5,017,665)
Share based payments	10	**(433,434)**	(395,110)
Depreciation	5	**(484,871)**	(542,882)
Amortization	5	**(969,013)**	(801,484)
Total administrative expenses		**(6,298,646)**	(6,757,141)
Operating loss		**(5,031,570)**	(5,418,480)
Interest payable	11	**(20,865)**	(24,116)
Investment income	14	**24,327**	26,610
Loss before taxation		**(5,028,108)**	(5,415,986)
Income tax	15	**215,317**	266,210
Loss and total comprehensive loss for the financial year		**(4,812,791)**	(5,149,776)
Attributable to equity holders of the parent		**(4,812,791)**	(5,149,776)
Loss per share attributable to the equity holders of the parent			
Basic loss per share	16	**(9.05)p**	(10.96)p
Diluted loss per share	16	**(9.05)p**	(10.96)p

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

The notes on pages 27 to 51 are an integral part of these consolidated financial statements

Consolidated cash flow statement

	Note	31 Dec 2015 £	31 Dec 2014 £
Net cash used by operating activities	17	**(3,234,118)**	(3,177,167)
Cash flows used by investing activities			
Purchases of property, plant and equipment		**(129,705)**	(108,980)
Addition to intangible assets		**(924,373)**	(914,864)
Interest received		**24,327**	26,610
Net cash used by investing activities		**(1,029,751)**	(997,234)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		**11,107,518**	6,086,582
Costs associated with issuance of ordinary shares		**(617,723)**	(394,961)
Interest payable		**(20,865)**	(24,116)
Capital payable on finance lease obligations		**(311,329)**	(338,911)
Net cash generated from financing activities		**10,157,601**	5,328,594
Net increase in cash and cash equivalents		**5,893,732**	1,154,193
Cash and cash equivalents at beginning of year		**6,253,487**	5,110,366
Exchange differences on cash and cash equivalents		**(11,893)**	(11,072)
		6,241,594	5,099,294
Cash and cash equivalents at end of year		**12,135,326**	6,253,487

The notes on pages 27 to 51 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 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	4,750,000	-	-	-	6,000,000
Expenses of share issue	-	(394,961)	-	-	-	(394,961)
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**
Balance at 1 January 2015	**10,399,463**	**22,098,603**	**1,236,225**	**1,526,650**	**(25,461,538)**	**9,799,403**
Share based payments	-	-	-	433,434	-	433,434
Share based payments transfer for exercised share options	-	-	-	(63,242)	63,242	-
Exercise of share options	42,443	65,075	-	-	-	107,518
Issue of shares	2,444,444	8,555,556	-	-	-	11,000,000
Expenses of share issue	-	(617,724)	-	-	-	(617,724)
Transactions with owners	2,486,887	8,002,907	-	370,192	63,242	10,923,228
Loss for the year	-	-	-	-	(4,812,791)	(4,812,791)
Total comprehensive income for the year	-	-	-	-	(4,812,791)	(4,812,791)
Balance at 31 December 2015	**12,886,350**	**30,101,510**	**1,236,225**	**1,896,842**	**(30,211,087)**	**15,909,840**

The notes on pages 27 to 51 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. Bango PLC 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. Bango PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

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 financial statements for the year ended 31 December 2015 (including the comparatives for the year ended 31 December 2014) were approved by the Board of Directors on 14 March 2016.

2 Basis of preparation
The Group financial statements, which consolidate those of Bango PLC and all of its subsidiaries, 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 2015, 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 and Company'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.

The only change this year is the transition of the entity accounts to IFRS in the year. There were no translation adjustments on conversion to IFRS. This is therefore the parent company's first financial statements prepared in accordance with IFRS. The Company's IFRS accounting policies included here have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information and the opening statement of financial position at the date of transition, 1 January 2014. The Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS parent financial statements. There were no transition adjustments and no effect on the transition to IFRS on equity and total comprehensive income. The components of cash and cash equivalents under previous GAAP are consistent to those presented under IFRS.

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 2015. 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 2016, or later periods, have been adopted early. During the year IFRS 7 amendments relating to offsetting financial assets and liabilities come into effect. The Directors do not believe that the adoption of this or other standards and interpretations would have a material impact on the Group's financial statements.

The Group had cash of £12.1m at 31 December 2015 (31 December 2014: £6.3m) and financing debt of £0.4m (31 December 2014: £0.6m). 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 Bango PLC 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

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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.

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

Notes to the financial statements

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.

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 judgmental 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 licenses 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.

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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 recognized 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 organizations. 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.

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 Bango PLC's cost of investment and a subsidiary's share capital and share premium where a group reorganization 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 recognized 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 £364,020 (2014: £590,141).

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

Notes to the financial statements

carrying value of capitalized development costs is £3,446,612 (2014: £3,491,252).

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 2015.

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 2018).

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

Annual improvements to IFRSs 2012-2014 cycle (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.

4 Segment reporting

(a) End User Spend

As a non IFRS alternative performance measure, Bango has identified EUS 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 Report and accounts is a mixture of gross transaction value where Bango is principal and margin only where Bango is 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 and to assist users of our financial statements, we include this additional reporting.

	31 Dec 2015	31 Dec 2014
	£	£
End User Spend	**44,684,300**	25,167,767
Analyzed as agency	**42,538,240**	21,127,273
Analyzed as principal	**2,146,060**	4,040,494
Analyzed as agency	**95%**	84%
Analyzed as principal	**5%**	16%

(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.

Notes to the financial statements

12 months to 31 December 2015

	End user activity	Platform fees	Group	Total
	£	£	£	£
Segment turnover	2,741,385	458,181	-	3,199,566
Attributable to digital merchants	(1,024,793)	-	-	(1,024,793)
Cost of sales – payment providers	(907,697)	-	-	(907,697)
Segment gross profit	**808,895**	**458,181**	**-**	**1,267,076**
Administrative expenses	-	-	(4,411,328)	(4,411,328)
Share based payments charge	-	-	(433,434)	(433,434)
Depreciation	-	-	(484,871)	(484,871)
Amortization	-	-	(969,013)	(969,013)
Interest payable	-	-	(20,865)	(20,865)
Interest income	-	-	24,327	24,327
Segment net profit / (loss)	**808,895**	**458,181**	**(6,295,184)**	**(5,028,108)**
Segment assets	500,789	192,524	16,750,791	17,444,104
Segment liabilities	(379,890)	(7,235)	(1,147,139)	(1,534,264)
Net assets	**120,899**	**185,289**	**15,603,652**	**15,909,840**

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

Included within the end user segment turnover is £2.15m (31 December 2014: £3.94m) relating to a major strategic partner, and included within platform fees there was £0.22m (31 December 2014: £0.34m) 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 all based in the UK.

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

	31 Dec 2015	31 Dec 2014
	£	£
United Kingdom (country of domicile)	**129,265**	501,050
EU	**171,631**	335,025
USA and Canada	**983,089**	1,873,752
Indonesia	**978,529**	1,258,342
Rest of World	**937,052**	1,125,783
	3,199,566	5,093,952

Segment turnover is based on the location of the partners, of which in platform fees £0.22m (31 December 2014: £0.34m) 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 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**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2015	236,988	148,082	1,663,827	2,048,897
Additions	117,798	6,999	90,115	214,912
Disposals in the year	-	-	-	-
At 31 December 2015	354,786	155,081	1,753,942	2,263,809
Depreciation				
At 1 January 2015	195,944	110,477	965,222	1,271,643
Charge for the year	23,605	14,059	447,207	484,871
Disposals in the year	-	-	-	-
At 31 December 2015	219,549	124,536	1,412,429	1,756,514
Net book value				
At 31 December 2015	**135,237**	**30,545**	**341,513**	**507,295**

Included at year end within leasehold improvements were assets with net book value of £76,686 and computer equipment with net book value of £197,034 held under finance leases (31 December 2014: computer equipment £483,934). Depreciation is shown within administrative expenses in the income statement. Financial lease liabilities are secured on the assets to which they relate.

Bango PLC has no property, plant and equipment.

Notes to the financial statements

5.2 Intangible assets

	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**

	Domain Names £	Internal Development £	Total £
Cost			
At 1 January 2015	32,887	5,322,936	5,355,823
Additions	-	924,373	924,373
At 31 December 2015	32,887	6,247,309	6,280,196
Amortization			
At 1 January 2015	32,887	1,831,684	1,864,571
Charge for the year	-	969,013	969,013
At 31 December 2015	32,887	2,800,697	2,833,584
Net book value			
At 31 December 2015	**-**	**3,446,612**	**3,446,612**

Amortization is shown within administrative expenses in the income statement. Bango 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.

Bango PLC has no intangible assets.

Notes to the financial statements

6 Trade and other receivables

	31 Dec 2015	31 Dec 2014
	£	£
Trade receivables	**485,294**	545,796
Other receivables	**109,853**	85,482
Prepayments and accrued income	**538,750**	504,671
	1,133,897	1,135,946
Impairment of trade receivables	**(5,000)**	(26,133)
	1,128,897	1,109,816
Research and development tax credits	**225,974**	236,028
Total	**1,354,871**	1,345,844

At 31 December 2015, 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 2015	31 Dec 2014
	£	£
Not more than one month	**79,381**	54,481
One to two months	**20,193**	20,058
Three to twelve months	**44,668**	25,106
More than twelve months	**-**	-
	144,242	99,645

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 2015	31 Dec 2014
	£	£
Brought forward provision	**26,133**	13,020
Debts written off in the year	**(21,883)**	(7,887)
Increase in provision	**750**	21,000
Carry forward provision	**5,000**	26,133

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 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**
Issue of new shares	**12,222,222**	**2,444,444**
Exercise of share options	**212,213**	**42,443**
As at 31 December 2015	**64,431,751**	**12,886,350**

During the year 212,213 share options were exercised at exercise prices between 23 pence and 82.5 pence and a par value of 20 pence per share. The total proceeds were £0.11m of which £0.04m was recognized as share capital and £0.07m as share premium.

In November 2015 Bango PLC issued 12,222,222 ordinary shares of 20 pence each at market price of 90 pence per share with existing investors raising £11.0m gross and £10.4m net of expenses of £0.6m.

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 2015		31 Dec 2014
	Average exercise price per share	**Options**	Average exercise price per share	Options
	p	**No**	p	No
Outstanding at 1 January 2015	**130**	**3,438,784**	132	2,844,996
Granted	**95**	**1,014,500**	118	893,000
Lapsed	**149**	**(511,875)**	161	(162,239)
Exercised	**54**	**(212,213)**	63	(136,973)
Outstanding at 31 December 2015	**122**	**3,729,196**	130	3,438,784
Exercisable at 31 December 2015	**132**	**2,340,707**	124	2,085,701

The weighted average share price at date of exercise of options exercised during the year was 97.52 pence (2014: 148.14 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 37 – 48 pence. Significant inputs into the model include a weighted average share price of 98.7 pence (31 December 2014: 120.6 pence) at the grant date, the exercise prices, volatility of 47.2-48.4% (31 December 2014: 48.5%), dividend yield of nil (31 December 2014: nil), an expected option life of five years (31 December 2014: five years) and an annual risk-free interest rate of 1.17-1.24% (31 December 2014: 1.51-1.87%).

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 2015, Bango PLC had the following outstanding options and exercise prices:

Expiry date		**31 Dec 2015** Average exercise price per share	Options	Remaining Contractual Life	31 Dec 2014 Average exercise price per share	Options	Remaining Contractual Life
		Pence	**Number**	**Months**	Pence	Number	Months
18 February	2015	**-**	**-**	**-**	50.00	76,000	2
27 February	2015	**-**	**-**	**-**	28.75	35,000	2
28 August	2015	**-**	**-**	**-**	50.00	14,000	8
21 September	2015	**-**	**-**	**-**	202.00	58,000	9
1 March	2016	**177.50**	**27,000**	**2**	177.50	27,000	14
25 May	2016	**140.00**	**158,250**	**5**	140.00	158,250	17
9 October	2016	**106.50**	**24,250**	**9**	106.50	24,250	21
23 March	2017	**50.50**	**96,000**	**15**	50.50	104,250	27
19 September	2017	**41.00**	**100,500**	**21**	41.00	108,500	33
31 January	2018	**23.00**	**48,417**	**27**	23.00	56,417	39
15 October	2018	**53.50**	**46,375**	**34**	53.50	55,250	46
19 February	2019	**44.00**	**46,375**	**38**	44.00	58,000	50
1 October	2019	**44.50**	**46,520**	**46**	44.50	57,145	58
17 March	2020	**59.50**	**73,297**	**51**	59.50	79,547	63
24 September	2020	**167.00**	**72,560**	**57**	167.00	84,060	69
7 February	2021	**153.00**	**100,000**	**62**	153.00	100,000	74
17 March	2021	**82.50**	**47,740**	**63**	82.50	55,135	75
9 September	2021	**82.00**	**66,767**	**69**	82.00	96,960	81
27 September	2021	**76.50**	**20,000**	**69**	76.50	20,000	81
8 December	2021	**68.50**	**20,000**	**72**	68.50	20,000	84
23 March	2022	**142.50**	**95,322**	**75**	142.50	120,322	87
13 August	2022	**187.50**	**-**	**80**	187.50	7,000	92
20 September	2022	**166.50**	**140,323**	**81**	166.50	194,823	93
06 November	2022	**218.00**	**100,000**	**83**	218.00	100,000	95
26 March	2023	**232.50**	**355,000**	**87**	232.50	417,500	99
02 April	2023	**218.50**	**10,000**	**88**	218.50	10,000	100
27 June	2023	**180.00**	**50,000**	**90**	180.00	50,000	102
04 October	2023	**126.00**	**300,000**	**94**	126.00	374,875	106
01 April	2024	**136.00**	**339,000**	**100**	136.00	426,500	112
22 October	2024	**101.00**	**374,500**	**106**	101.00	450,000	118
16 March	2025	**106.00**	**362,000**	**111**	-	-	-
18 September	2025	**0.885**	**609,000**	**117**	-	-	-
At 31 December			**3,729,196**	**82**		3,438,784	82

8 Trade and other payables

	31 Dec 2015 £	31 Dec 2014 £
Trade payables	**851,901**	1,199,114
Social security and other taxes	**95,429**	104,311
Accruals and deferred income	**222,914**	174,868
	1,170,244	1,478,293

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.

Notes to the financial statements

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 2015 £	31 Dec 2014 £
No later than 1 year	**198,649**	204,015
Later than 1 but no later than 5 years	**270,836**	469,485
More than 5 years	**-**	-
	469,485	673,500

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 prior year Bango entered into an additional finance lease to buy certain technical computer equipment and leasehold equipment as part of the on-going upgrades to the Bango technology to cope with growth in the Group, the leases will terminate between June 2016 and May 2018. 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 2015 £**	31 Dec 2014 £
Within one year	**281,042**	312,500
Between two and five years	**99,926**	301,455
	380,968	613,955
Future interest	**(16,948)**	(23,814)
	364,020	590,141

The present value of finance lease liabilities is repayable as follows:	**31 Dec 2015 £**	31 Dec 2014 £
Within one year	**268,476**	296,817
Between two and five years	**95,544**	293,324
	364,020	590,141

The company has no lease agreements.

10 Expenses by nature

	31 Dec 2015 £	31 Dec 2014 £
Employee benefit expense	**3,050,974**	3,394,158
Depreciation & amortization	**1,453,884**	1,344,366
Other expenses	**1,793,788**	2,018,617
	6,298,646	6,757,141
Analyzed as:		
Administrative expenses	**4,411,328**	5,017,665
Share based payments	**433,434**	395,110
Depreciation	**484,871**	542,882
Amortization	**969,013**	801,484
	6,298,646	6,757,141

Notes to the financial statements

11 Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	31 Dec 2015 £	31 Dec 2014 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	**3,800**	3,000
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	**37,000**	37,000
Other services relating to other assurance services	**9,000**	8,750
Other services relating to taxation compliance services	**6,220**	6,335
Other services relating to taxation advisory services	**6,300**	5,390
Operating lease expenses:		
Land and buildings	**160,811**	264,494
Finance lease charges in year	**20,865**	24,116
Exchange rate variances	**(52,885)**	(129,750)
Depreciation on property, plant and equipment – lease assets	**295,002**	322,816
Depreciation on property, plant and equipment – owned assets	**189,869**	220,066
Amortization of intangible assets	**969,013**	801,484
Research and development costs	**68,864**	153,110

12 Employee benefit expense

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

	31 Dec 2015 No	31 Dec 2014 No
Administrative staff	**8**	7
Marketing staff	**6**	6
Sales staff	**3**	3
Technical staff	**19**	23
Executive Directors	**3**	3
Support staff	**25**	24
	64	66

The aggregate payroll costs of the above were:

	31 Dec 2015 £	31 Dec 2014 £
Wages and salaries	**2,958,122**	3,200,242
Social security costs	**351,146**	401,834
Other pension costs	**99,622**	66,028
Share based remuneration	**433,434**	395,110
	3,842,324	4,063,214

Included in the above payroll costs is £791,350 (31 December 2014: £669,056) capitalized within internal development (note 5.2).
The Directors have identified eleven (31 December 2014: nine) key management personnel, including Directors. Compensation to key management is set out below:

	31 Dec 2015 £	31 Dec 2014 £
Short term employee benefits	**1,006,256**	1,005,654
Employers national insurance	**127,523**	127,984
Post-employment benefits	**40,747**	18,987
Share based compensation	**163,840**	162,734
	1,338,366	1,315,359

Notes to the financial statements

13 Directors

Remuneration in respect of Directors was as follows:

	31 Dec 2015	31 Dec 2014
	£	£
Emoluments	**550,433**	493,420

31 December 2015	Wages and salaries	Pension and other benefits	Total
	£	£	£
R Anderson	179,700	713	180,413
A Malhotra	163,520	1,985	165,505
G Tucker	127,440	3,575	131,015
M Rigby	15,750	-	15,750
R Burger	15,750	-	15,750
D Sear	42,000	-	42,000
	544,160	6,273	550,433

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

The highest paid Director received total salary of £179,700 (31 December 2014: £150,000), pension contributions of £713 (31 December 2014: £nil), and share based compensation of £3,259 (31 December 2014: £nil).

The number of Directors who accrued benefits under pension schemes was three (31 December 2014: one).

The total share based compensation for Directors was £37,573 (31 December 2014: £41,803).

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

14 Investment income

	31 Dec 2015	31 Dec 2014
	£	£
Bank interest receivable	**(24,327)**	(26,610)

Notes to the financial statements

15 Taxation

Income tax	**31 Dec 2015**	31 Dec 2014
	£	£
R&D tax credits receivable	**(225,371)**	(236,028)
Over/(Under) provision of prior year credit	**10,054**	(30,182)
	(215,317)	(266,210)

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

Loss on ordinary activities before taxation	**(5,028,108)**	(5,415,986)
Loss on ordinary activities multiplied by standard rate of tax of 20.25% (31 December 2014: 21.49%)	**(1,018,192)**	(1,163,895)
Effect of:		
Expenses not deductible for tax purposes	**101,288**	100,092
Differences between capital allowances and depreciation	**-**	(17,835)
Unutilized tax losses	**800,246**	911,162
Additional deductions for R&D expenditure	**(177,705)**	(208,858)
Surrender of tax losses for R&D	**89,557**	127,149
Other permanent differences	**(20,565)**	16,157
Adjustments in relation to prior years	**10,054**	(30,182)
Total tax	**(215,317)**	(266,210)

At 31 December 2015 the unutilized tax losses carried forward amounted to £27.9 million (at 31 December 2014: £23.6 million).

Deferred tax assets/ (liabilities):

	Provided	Provided	**Unprovided**	Unprovided
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
	£	£	**£**	£
Share option deduction	**-**	-	**59,940**	105,920
Tax losses	**395,452**	475,778	**4,958,906**	4,713,804
Other temporary differences	**1,620**	-	**-**	-
Accelerated capital allowances and capitalized development costs	**(397,072)**	(475,778)	**-**	-
	-	-	**5,018,846**	4,819,724

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 2015	31 Dec 2014
	£	£
Loss attributable to equity holders of Bango PLC	**(4,812,791)**	(5,149,776)
Weighted average number of ordinary shares in issue	**53,185,680**	46,985,640
Earnings (basic) per share	**(9.05) p**	(10.96) p

Notes to the financial statements

(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 2015	31 Dec 2014
	£	£
Loss attributable to equity holders of Bango PLC	**(4,812,791)**	(5,149,776)
Weighted average number of ordinary shares	**53,185,680**	46,985,640
Earnings (diluted) per share	**(9.05) p**	(10.96) p

At 31 December 2015 options over 3,729,196 (31 December 2014: 3,438,784) 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 2015	31 Dec 2014
	£	£
Loss for the financial year	**(4,812,791)**	(5,149,776)
Depreciation and amortization	**1,453,884**	1,344,366
Taxation in income statement	**(215,317)**	(266,210)
Investment income	**(24,327)**	(26,610)
Interest payable	**20,865**	24,116
Foreign exchange movement on cash balances	**11,893**	11,072
Share-based payment expense	**433,434**	395,110
(Increase)/decrease in receivables	**(19,082)**	878,872
Decrease in payables	**(308,048)**	(608,192)
	(3,459,489)	(3,397,252)
Corporation tax rebate	**225,371**	220,085
Net cash used by operations	**(3,234,118)**	(3,177,167)

18 Financial assets and liabilities

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

	31 Dec 2015	31 Dec 2014
	£	£
Loans and receivables	**12,615,620**	7,047,512
Total financial assets	**12,615,620**	7,047,512

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

	31 Dec 2015	31 Dec 2014
	£	£
Current assets		
Trade and other receivables	**480,294**	794,025
Cash and cash equivalents	**12,135,326**	6,253,487
Total financial assets	**12,615,620**	7,047,512

Notes to the financial statements

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

	31 Dec 2015	31 Dec 2014
	£	£
Financial liabilities measured at amortized cost	**1,074,815**	1,373,982
Total financial liabilities	**1,074,815**	1,373,982

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

	31 Dec 2015	31 Dec 2014
	£	£
Current liabilities		
Trade payables	**851,901**	1,199,114
Accruals	**222,914**	174,868
Total financial liabilities	**1,074,815**	1,373,982

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 partners 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.

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 2015 Bango's financial liabilities had contractual maturities which are summarized below:

	31 Dec 2015	31 Dec 2014
	£	£
Trade and other payables within 6 months	**1,074,815**	1,373,982
Finance lease obligations within 6 months	**165,088**	147,258
Finance lease obligations 6 to 12 months	**103,388**	149,559
Finance lease obligations 1 year to 5 years	**95,544**	293,324
Financial liabilities	**1,438,835**	1,964,123

The company had trade and other payables due within 6 months of £69,427 (2014: £17,836).

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 2015 Bango PLC issued £11.0m new shares on the AIM market in November (31 December 2014: £6.0m). 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 2015 Bango only had hire purchase borrowings.

Notes to the financial statements

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

	Overall financing		Capital	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
	£	£	**£**	£
Total equity	**15,909,840**	9,799,403	**15,909,840**	9,799,403
Less cash and cash equivalents	**-**	-	**(12,135,326)**	(6,253,487)
Plus borrowings	**364,020**	590,141	**-**	-
	16,273,860	10,389,544	**3,774,514**	3,545,916

The capital to overall financing ratio is 23.2% (2014: 34.1%).

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 2015			31 Dec 2014		
		£	**£**	**£**	**£**	**£**	**£**
Nominal amounts		**Financial assets**	**Financial liabilities**	**Net assets/ (liabilities)**	**Financial assets**	**Financial liabilities**	**Net assets/ (liabilities)**
US $	USD	427,780	342,652	85,128	631,922	952,021	(320,099)
Euro	EUR	84,096	5,455	78,641	88,133	11,272	76,861
Australian $	AUD	39,168	-	39,168	30,835	-	30,835
Canadian $	CAD	83,817	-	83,817	164,430	1,493	162,937
Indonesia Rp	IDR	164,977	-	164,977	152,419	-	152,419
Qatari Riyal	QAR	2,876	-	2,876	7,172	-	7,172
South African Rand	ZAR	11,595	-	11,595	26,413	72	26,341
Saudi Arabian Riyal	SAR	46,310	-	46,310	76,382	-	76,382
Other		51,203	2,498	48,705	31,541	802	30,739
Short term exposure		911,824	350,605	561,219	1,209,247	965,660	243,587

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 £26,725 and if it moved by 10% then there would be a total loss of £51,020.

22 Post balance sheet event

In February 2016 Bango Kabushiki Kaisha, a sales and support office, was established in Japan a new and strategically important market for Bango. It is a 100% owned subsidiary of Bango PLC and currently has one senior employee.

Statement of financial position of Bango PLC

	Note	31 Dec 2015 £	31 Dec 2014 £
ASSETS			
Non-current assets			
Investment in subsidiary	3	**28,617,365**	28,164,431
Current assets			
Trade and other receivables due within one year	4	**27,798**	2,860
Trade and other receivables due after one year	4	**15,876,320**	5,538,530
		15,904,118	5,541,390
Total assets		**44,521,483**	33,705,821
EQUITY			
Capital and reserves			
Share capital		**12,886,350**	10,399,463
Share premium account		**30,101,510**	22,098,603
Other reserve		**1,896,842**	1,526,650
Retained earnings		**(432,646)**	(336,731)
Total equity		**44,452,056**	33,687,985
LIABILITIES			
Trade and other falling due within one year	5	**69,427**	17,836
Total liabilities		**69,427**	17,836
Total equity and liabilities		**44,521,483**	33,705,821

These financial statements were approved by the Directors on 14 March 2016 and are signed on their behalf by:

R Anderson
Director

G Tucker
Director

Company registration number 05386079

The notes on pages 27 to 51 are an integral part of these consolidated financial statements

Statement of changes in equity of Bango PLC

	Share capital	Share premium	Other reserve	Retained earnings	Total
Balance at 1 January 2014	**9,122,069**	**17,684,376**	**1,968,834**	**(1,012,938)**	**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	-	-	-	(161,087)	(161,087)
Total comprehensive income for the year	-	-	-	(161,087)	(161,087)
Balance at 31 December 2014	**10,399,463**	**22,098,603**	**1,526,650**	**(336,731)**	**33,687,985**
Balance at 1 January 2015	**10,399,463**	**22,098,603**	**1,526,650**	**(336,731)**	**33,687,985**
Share based payments	-	-	433,434	-	433,434
Share based payments transfer for exercised share options	-	-	(63,242)	63,242	-
Exercise of share options	42,443	65,075	-	-	107,518
Issue of shares	2,444,444	7,937,832	-	-	10,382,276
Transactions with owners	2,486,887	8,002,907	370,192	63,242	10,923,228
Loss for the year	-	-	-	(159,157)	(159,157)
Total comprehensive income for the year	-	-	-	(159,157)	(159,157)
Balance at 31 December 2015	**12,886,350**	**30,101,510**	**1,896,842**	**(432,646)**	**44,452,056**

The notes on pages 27 to 51 are an integral part of these consolidated financial statements.

Cash flow statement of Bango PLC

	31 Dec 2015 £	31 Dec 2014 £
Loss for year	**(159,157)**	(161,087)
Cash flows from operating activities		
Interest received	**(60,150)**	-
Increase in receivables	**(24,938)**	(145)
Increase in payables	**51,590**	8,226
Net cash used by operating activities	**(192,655)**	(153,006)
Cash flows generated from investing activities		
Loan to group undertaking	**(10,337,790)**	(5,538,530)
Investment in subsidiaries	**(19,500)**	(85)
Net cash used by investing activities	**(10,357,290)**	(5,538,615)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**11,107,518**	6,086,582
Costs associated with issuance of ordinary shares	**(617,723)**	(394,961)
Interest receivable	**60,150**	-
Net cash generated from financing activities	**10,549,945**	5,691,621
Net increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	-

The notes on pages 27 to 51 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 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 2015 of £159,157 (31 December 2014: £161,087) is included in the Group result for the financial period.

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

2 Directors, employees and key management personnel

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 and key management personnel are disclosed in notes 12 and 13 of the Group accounts. A charge of £73,230 (31 December 2014: £47,791) has been recognized within the parent company's own figures relating to wages and salaries.

3 Investments

	£
Cost	
Shares in subsidiary undertakings at 31 December 2014	**28,164,431**
Share based payments	**433,434**
Investment in Bango Mobile limited	**19,500**
Shares in subsidiary undertakings at 31 December 2015	**28,617,365**
Net book amount	
At 31 December 2015	**28,617,365**
At 31 December 2014	28,164,431

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

Details of subsidiary undertakings at 31 December 2015 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
Bango Mobile Limited **	Nigeria	Ordinary	99%	Trading entity in Nigeria

*99% owned via Bango Movil and 1% owned by Bango Plc
**49% owned via Bango PLC, 50% owned by Bango.net Ltd (100% owned subsidiary of Bango PLC) and 1% by local representative in Nigeria.

After the year end the company has set up a new trading entity in Japan, called Bango Kabushiki Kaisha, a 100% owned subsidiary of Bango PLC.

Notes to the financial statements

4 Receivables

	31 Dec 2015 £	31 Dec 2014
Amounts due from Group undertakings (due after one year)	**15,876,320**	5,538,530
Other receivables (due within one year)	**27,798**	2,860
	15,904,118	5,541,390

Bango PLC raised £10.4m net of fees in 2015 from the issue of new share capital to existing and new institutional shareholders. The cash raised is loaned to the main trading entity of the group on an arm's length basis. Interest on intercompany loans from the parent company to the subsidiary undertakings are charged at a reasonable market rate of interest, calculated monthly on the balance outstanding.

5 Payables

	31 Dec 2015 £	31 Dec 2014
Trade payables	**63,177**	11,136
Accruals and deferred income	**6,250**	6,700
	69,427	17,836

6 Financial assets and liabilities

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

	31 Dec 2015 £	31 Dec 2014 £
Loans and receivables	**15,904,118**	5,541,390
Total financial assets	**15,904,118**	5,541,390

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

	31 Dec 2015 £	31 Dec 2014 £
Current assets		
Amounts due from Group undertakings	**15,876,320**	5,538,530
Other receivables	**27,798**	2,860
Total financial assets	**15,904,118**	5,541,390

	31 Dec 2015 £	31 Dec 2014 £
Financial liabilities measured at amortized cost	**69,427**	17,836
Total financial liabilities	**69,427**	17,836

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

	31 Dec 2015 £	31 Dec 2014 £
Current liabilities		
Trade payables	**63,177**	11,136
Accruals	**6,250**	6,700
Total financial liabilities	**69,427**	17,836

Notes to the financial statements

7 First-time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. Bango PLC has applied the mandatory exemptions as set out below:

- Financial assets and liabilities that had been de-recognised before 1 June 2009 under previous GAAP have not been recognised under IFRS;
- Bango PLC has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustment for accounting policy differences).