



eXpansys plc

A Global Presence



Interim Report
31 October 2008

eXpansys



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KEY POINTS

- Like for like revenue down by £1.2 million (4.5%) to £25.3 million (2007: £32.3 million included £5.8 million attributable to sale of non-core distribution business, Portix, sold in April 2008)
- Eliminated bank overdraft and letter of credit facilities, totalling £3.5 million and the Group now has cash in hand
- Gross profit margin increased from 22.5% to 24.2%
- Loss for the year from continuing operations reduced to £370,000 (2007: £817,000)
- Cost base significantly reduced through outsourcing of UK warehousing facilities and worldwide reduction in headcount
- Reduction in inventory of £2.1 million in the period under review and further £1.4 million reduction since half-year end



Chief Executive's Statement

eXpansys entered the new financial year with a degree of optimism and, whilst we are reporting disappointing figures for the half year, considerable progress has been made following the actions we have taken over the last six months, creating a stronger business and a brighter future for the Group.

Significant Cost Reductions

We have significantly reduced our cost base, eliminated bank debt and now have cash in hand. So, although the pace of recovery in our trading performance will, inevitably, be slowed by current global market conditions, the business is now in better shape and will deliver improved results in the short to medium term.

As pressure on turnover increased during the period, we challenged our cost base and a number of rationalisation measures were taken. It became increasingly clear that more radical action was needed to improve the Group's results. Consequently, we decided to close our UK warehousing and distribution facility and these operations are now outsourced. Whilst there were exceptional costs associated with this closure, the immediate savings are now accruing. We will dispose of the lease on this property as soon as possible.

Headcount was reduced significantly during the period under review from 232 to 177. A further reduction of 15 has been made following the half year end. Additional reductions in headcount will be implemented before 30 April 2009, although this will involve redundancy costs.

In July 2008, we reported that monthly overheads (fixed costs plus employee related costs) had been reduced from £850,000 to £715,000. These were reduced further in the period under review to £580,000. We expect our ongoing cost reduction programme to reduce this to approximately £550,000 per month from March 2009 onwards.

Elimination of Bank Overdraft and Letter of Credit Facility

We enjoyed support from our bankers up to the summer of last year when our total obligations to HSBC reached £3.5 million. The management team, however, believed that it would be prudent to eliminate the Group's dependency on bank debt, given the increasing unreliability of bank support.



Chief Executive's Statement (continued)

Accordingly, the Board agreed a phased strategy to eliminate our borrowing facilities, specifically overdraft and letter of credit arrangements. This was achieved by 31 December 2008. Our interest payments for these facilities were, accordingly, halved in the period under review and will be eliminated in future.

Inventory Reduction

The elimination of these facilities introduced additional disciplines on day to day operations and, more importantly, focused attention on working capital control - in particular the reduction of inventories, which we recognised had been too high for too long. The initiative to realise inventory has been particularly successful. The Group's balance sheet at 31 October 2008 reflects this and, since the half year end, inventory has been reduced still further.

The following statistics make plain the progress that the business has made to improve its working capital position:

- Total inventory reduced by £2.1 million during the period under review
- Further reduction in inventory of £1.4 million since half year end
- Trade debtors decreased by £2.1 million during the period - primarily due to the sale of the Portix business and strong collections processes for corporate customers who are primarily blue-chip and government bodies
- Reduction in our obligations to creditors other than the bank by £4.1 million during the period

Turnaround in Cash Position

Overall cash outflow during the period was £855,000, compared to the equivalent period last year of £2.2 million. The Group has, however, experienced an increase in cash of £0.7 million since 31 October 2008 and it has been cash generative since the period end.

Business

Between May and October 2008, in common with most retailers, we experienced turbulent and volatile trading conditions, which were compounded by the unsatisfactory outcome of some specific business initiatives.



Chief Executive's Statement (continued)

At the start of the financial year, it was clear that the measures we had taken to reduce our overheads, in response to pressures on both turnover and gross margins, were beginning to bear fruit; trading initiatives in all our territories were providing positive results and the development of our new business in Singapore was looking increasingly promising and we were seeking external funding to continue its development outside the Group.

The depth, impact and suddenness of the recent economic turmoil, which adversely affected so many businesses, were virtually impossible to predict. Its volatility created fluctuating and unpredictable indicators, making it difficult to interpret the business climate. At times, both during and after the period under review, eXpansys has logged several positive indicators - increases in web traffic; some positive sales indicators; and good sales on new models. These, coupled with the expected favourable impact of our normal seasonal sales patterns, indicated that the market forecasts for the year might be achieved with an improved and stronger second half result. This, however, has not been the case and sales in the key holiday period were disappointing, although not disastrous.

The most significant disappointment for the business and for me personally during the period was the closure of our MWg subsidiary in Singapore. The platform for the Singapore business was the disposal of the significant inventory we had purchased from 02 Asia and this was successfully completed during the period. The promising development of the business continued to the end of August 2008 but we then experienced unexpected difficulties.

The growth of the business's revenues was predicated on the introduction of new models developed and funded in collaboration with manufacturing partners based in the Far East. Towards the end of the six month period, it became increasingly clear that the worsening economic climate would prevent any form of investment, even from partners based in Asia (which was less affected by the crisis at that time), for the foreseeable future. The Board decided that a failure to secure third party funding within a very short period of time would necessitate the closure of the business. The cancellation of a major sales order accelerated the Board's decision to close the business and formal insolvency proceedings commenced soon after the end of the half year. The results of the Singapore business are shown as discontinued in the Income Statement.

The UK business assumed some of the inventory and the entire warranty obligations acquired from 02 Asia last year. Net costs arising from the final realisation of assets and settlement of obligations have been included in exceptional expenses in the Income Statement. The consequence of the closure of the Singapore business was a loss of £1.1 million. However, only £153,000 of cash outflow was caused by the closure.



Chief Executive's Statement (continued)

People

Barry Roberts stepped down as the Group's Chairman at our Annual General Meeting held on 21 October 2008 and Graham Dawber assumed the role of Acting Chairman on the same date. Once again, I welcome Graham as our new Chairman and, on behalf of the Board, thank Barry for his contribution and wish him well for the future.

I would also like to thank all the Group's employees for their hard work during the period. These are difficult times for most companies and it is the commitment and dedication of our employees that differentiate us from our competition and will help us secure a successful future of the business.

Prospects

The current economic climate means that it is difficult to make anything more than broad outlook observations, let alone predictions or forecasts, in this market. We know that improvements in our results, arising from seasonal trading patterns, new models and some positive performance indicators, have not materialised and it is now clear that we, along with most retailers, will face a challenging retail environment.

Consequently, we must focus on reducing our cost base further and improving our business model, in particular, expanding our product range and improving margins where feasible.

I believe that the actions taken across the Group mean that eXpansys is well prepared for the current economic climate and, with this in mind, I look forward to the long term success of the business with confidence.



Roger Butterworth

Chief Executive Officer
29 January 2009



Consolidated Income Statement

For the six months ended 31 October 2008

	Notes	Six months ended 31 October	
		2008 Unaudited £000	2007 Unaudited £000
Revenue	4	25,294	32,337
Exceptional costs of sale	5	-	(946)
Other costs of sale		(19,181)	(25,059)
Total costs of sale		(19,181)	(26,005)
Gross profit		6,113	6,332
Exceptional selling and distribution costs	5	-	-
Other selling and distribution costs		(1,676)	(1,797)
Total selling and distribution costs		(1,676)	(1,797)
Exceptional administrative expenses	5	(890)	(399)
Other administrative expenses		(4,556)	(4,744)
Total administrative expenses		(5,446)	(5,143)
Operating loss from continuing operations		(1,009)	(608)
Exceptional operating costs	5	(890)	(1,344)
Other operating (loss) / profit		(119)	736
EBITDA and exceptional items		497	1,261
Depreciation of plant and equipment		(151)	(290)
Amortisation of intangible assets		(465)	(235)
Exceptional items	5	(890)	(1,344)



Consolidated Income Statement (continued)

For the six months ended 31 October 2008

	<i>Six months ended 31 October</i>	
	2008	2007
	<i>Unaudited</i>	<i>Unaudited</i>
	£000	£000
Operating loss from continuing operations	(1,009)	(608)
Finance revenue	38	7
Finance costs	(118)	(268)
Loss from continuing operations before taxation	(1,089)	(869)
Tax credit	6 719	52
Loss for the half year from continuing operations	(370)	(817)
Loss for the half year from discontinued operations	(1,361)	-
Loss for the half year	(1,731)	(817)
Loss for the half year attributable to:		
Equity holders of the parent	(1,731)	(817)
Minority interest	-	-
Loss for the half year	(1,731)	(817)
Earnings per share (pence)		
Basic loss per share from continuing operations	(0.8)p	(2.0)p
Diluted loss per share from continuing operations	(0.7)p	(2.0)p
Basic loss per share from loss for the year	(3.9)p	(2.0)p
Diluted loss per share from loss for the year	(3.3)p	(2.0)p
Pre exceptional earnings per share (pence)		
Basic earnings per share from continuing operations before exceptionals	1.2p	-
Diluted earnings per share from continuing operations before exceptionals	1.0p	-

The notes form an integral part of this consolidated half yearly financial information.



Consolidated Statement of Recognised Income and Expense
For the six months ended 31 October 2008

	<i>Six months ended 31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
Income and expense recognised directly in equity		
Currency translation differences	815	(86)
Net income / (expense) recognised directly in equity	<u>815</u>	<u>(86)</u>
Loss for the half year	(1,731)	(817)
Total recognised expense relating to the half year	<u>(916)</u>	<u>(903)</u>
Attributable to:		
Equity holders of the parent	(916)	(903)
Minority interest	-	-
	<u>(916)</u>	<u>(903)</u>

The notes form an integral part of this consolidated half yearly financial information.



Consolidated Balance Sheet

As at 31 October 2008

		<i>As at 31 October</i>	
		<i>2008</i>	<i>2007</i>
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
ASSETS			
Non current assets			
Plant and equipment	7	547	1,534
Intangible assets	7	5,313	4,917
Deferred tax assets	6	1,531	655
		7,391	7,106
Current assets			
Inventories		4,466	10,797
Trade and other receivables	8	3,103	7,235
Income tax receivable		72	-
Cash and short term deposits		342	239
		7,983	18,271
		15,374	25,377
LIABILITIES			
Current liabilities			
Trade and other payables	9	(7,359)	(12,749)
Financial liabilities	10	(1,076)	(1,994)
Income tax payable		-	(120)
Government grants		(87)	(38)
Provisions	11	(27)	(980)
		(8,549)	(15,881)
Non current liabilities			
Financial liabilities	10	(220)	(324)
Deferred tax liabilities	6	(27)	(66)
Provisions	11	-	(727)
		(247)	(1,117)
		(8,796)	(16,998)
NET ASSETS			
		6,578	8,379



Consolidated Balance Sheet (continued)

As at 31 October 2008

	<i>As at 31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
CAPITAL AND RESERVES		
Equity share capital	9,915	9,511
Currency translation	833	(110)
Accumulated losses	(4,170)	(1,022)
	<hr/>	<hr/>
eXpansys Group shareholders' equity	6,578	8,379
Minority interest	-	-
	<hr/>	<hr/>
TOTAL EQUITY	<u>6,578</u>	<u>8,379</u>

The notes form an integral part of this consolidated half yearly financial information.



Consolidated Cash Flow Statement

For the six months ended 31 October 2008

	<i>Six months ended 31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
Operating activities		
Loss for the half year	(1,009)	(608)
Adjustments to reconcile loss for the half year to net cash flow from operating activities		
Tax on continuing operations	(185)	8
Net finance costs	(80)	(261)
Depreciation of property, plant and equipment	151	290
Amortisation of intangible assets	465	221
Currency movements	(145)	1
Decrease / (increase) in inventories	2,055	(4,739)
Decrease / (increase) in trade and other receivables	2,598	(2,438)
(Decrease) / increase in trade and other payables	(3,822)	4,013
Increase in provisions	-	1,691
Net cash flow from operating activities	<u>28</u>	<u>(1,822)</u>
Investing activities		
Outflow on acquisition of Yoonoo Limited	-	(196)
Cash acquired with Yoonoo Limited	-	272
Cash outflow due to discontinued operations of MWg	(365)	-
Payments to acquire property, plant and equipment	(80)	(26)
Payments to acquire intangible assets	(328)	(272)
Net cash flow from investing activities	<u>(773)</u>	<u>(222)</u>
Financing activities		
Share issue costs	-	(4)
Repayment of borrowings	(24)	(24)
Repayments of capital element of finance leases and hire purchase contracts	(86)	(120)
Net cash flow from financing activities	<u>(110)</u>	<u>(148)</u>
Decrease in cash	<u>(855)</u>	<u>(2,192)</u>
Cash and cash equivalents at the beginning of the half year	312	739
Cash and cash equivalents at the half year end	<u><u>(543)</u></u>	<u><u>(1,453)</u></u>

The notes form an integral part of this consolidated half yearly financial information.

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Notes to consolidated half yearly financial information

1. General information

eXpansys plc is a public limited company incorporated and domiciled in England and Wales, and the address of its registered office is 3 Hardman Square, Spinningfields, Manchester, M3 3EB, United Kingdom.

The Company's shares are traded on the Alternative Investment Market.

This condensed consolidated half yearly financial information was approved for issue by the board of directors on 29 January 2009.

These Interim Financial Statements are a condensed set of financial statements and are prepared in accordance with the requirements of IAS 34. The Interim Financial Statements for the six months ended 31 October 2008 are unaudited and do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Statutory accounts for the year ended 30 April 2008, prepared under IFRS, were approved by the Board of Directors on 22 July 2008 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 237 of the Companies Act 1985.

2. Basis of preparation

The Interim Financial Statements for the six months ended 31 October 2008 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS).



3. Accounting policies

The accounting policies adopted are in accordance with International Financial Reporting Standards and are consistent with those in the statutory accounts for the year ended 30 April 2008 available on www.expansys.com

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. Estimates and assumptions used in the preparation of the financial statements are continually reviewed and revised as necessary. Whilst every effort is made to ensure that such estimates and assumptions are reasonable, by their nature they are uncertain, and as such, changes in estimates and assumptions may have a material impact in the financial statements.

The key sources of estimation uncertainty that have significant risk of causing material adjustment to carrying amounts of assets and liabilities within the next financial year are the measurement of:

- indefinite life intangible assets (including goodwill);
- inventories; and
- trade receivables.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Any estimates of future economic benefits made in relation to these assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the asset.

Calculation of inventory provisions requires judgements to be made which include forecast consumer demand and inventory loss trends.

Provisions for irrecoverable receivables are based on extensive historical evidence, and the best available information in relation to specific issues, but are nevertheless inherently uncertain.



4. Segment information

The Group is managed and reported on a worldwide basis, according to operating divisions aligned to the main trading subsidiaries:

- eXpansys UK Limited, incorporated in United Kingdom, shipping to United Kingdom and the rest of the world from warehouses in Manchester, United Kingdom and Melbourne, Australia;
- eXpansys Nomatica SAS, incorporated in France, shipping to Continental Europe from its warehouse in Montpellier, France;
- eXpansys Inc, incorporated in United States of America, shipping to United States and Canada, from its warehouse in Bloomington, Chicago, United States of America;
- eXpansys Hong Kong Limited, incorporated in Hong Kong, shipping to the Far East from its warehouse in Hong Kong; and
- Mobile & Wireless Group PTE Limited (MWg), incorporated in Singapore during November 2007, shipping on a worldwide basis through the warehouses in the rest of the group and direct from suppliers.

Therefore the primary segment reporting format is determined to be geographical segments by origin as the Group's risks and rates of return are affected predominantly by differences in geographic location. Segmental analysis by destination would not be materially different.

Transfer prices between business segments are set on an arms length basis in a manner similar to transactions between third parties. Segment revenue, segment expense and segment result includes transfers between business segments. Those transfers are eliminated in consolidation.

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the six months ended 31 October 2008 and 2007.

All operations are continuing, except for MWg which was discontinued during October 2008, and whose results are disclosed as discontinued in the Income Statement.

	<i>UK & rest of world £000</i>	<i>Continental Europe £000</i>	<i>USA & Canada £000</i>	<i>Far East £000</i>	<i>Singapore £000</i>	<i>Total £000</i>
Six months ended 31 October 2008						
<i>Unaudited</i>						
Revenue						
Sales to external customers	8,650	9,872	4,381	2,391	-	25,294
Inter-segment sales	5,770	1,647	954	1,116	-	9,487
Segment revenue	14,420	11,519	5,335	3,507	-	34,781
Results						
Segment result	(971)	446	53	4	-	(468)
Segment result (excluding exceptional items)	(662)	446	53	4	-	(159)



4. Segment information (continued)

	<i>UK & rest of world £000</i>	<i>Continental Europe £000</i>	<i>USA & Canada £000</i>	<i>Far East £000</i>	<i>Singapore £000</i>	<i>Total £000</i>
<i>Six months ended 31 October 2007</i>						
<i>Unaudited</i>						
Revenue						
Sales to external customers	16,832	6,348	7,848	1,309	-	32,337
Inter-segment sales	6,494	1,976	2,688	1,267	-	12,425
Segment revenue	23,326	8,324	10,536	2,576	-	44,762
Results						
Segment result	(212)	407	(31)	(162)	-	2
Segment result (excluding exceptional items)	794	395	178	(39)	-	1,328

5. Exceptional items

	<i>Six months ended 31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
Exceptional stock provision	-	946
Redundancy costs in eXpansys UK and eXpansys Inc	44	380
Costs in relation to letter of credit facilities	-	18
Exceptional bad debt provision	851	-
Restructuring costs in eXpansys UK	281	-
Release of warranty provision	(286)	-
	890	1,344



6. Tax

The credit included in the income statement is as follows:

	<i>6 months ended 31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
UK corporation tax	-	(6)
Foreign tax	(47)	(52)
Adjustments in relation to prior periods	(1)	-
Deferred tax	767	110
	<u>719</u>	<u>52</u>
	<u><u>719</u></u>	<u><u>52</u></u>

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual income tax rate used for the year to 30 April 2009 is 28%.

Deferred tax

The deferred tax included in the balance sheet is as follows:

	<i>31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
<i>Deferred tax liability</i>		
Accelerated capital allowances	27	66
	<u>27</u>	<u>66</u>
<i>Deferred tax asset</i>		
Depreciation in advance of capital allowances	183	94
Other timing differences	4	141
Tax losses	1,344	420
	<u>1,531</u>	<u>655</u>
	<u><u>1,531</u></u>	<u><u>655</u></u>



7. Tangible and intangible assets

	<i>Plant and equipment</i>	<i>Intangible assets</i>
	<i>£000</i>	<i>£000</i>
<i>Six months ended 31 October 2008</i>		
<i>(Unaudited)</i>		
Opening net book value at 1 May 2008	751	4,812
Additions	80	328
Disposals as part of discontinued business	(152)	-
Depreciation and amortisation	(151)	(465)
Foreign exchange difference	19	638
	<hr/>	<hr/>
Closing net book value at 31 October 2008	547	5,313
	<hr/> <hr/>	<hr/> <hr/>

	<i>Plant and equipment</i>	<i>Intangible assets</i>
	<i>£000</i>	<i>£000</i>
<i>Six months ended 31 October 2007</i>		
<i>(Unaudited)</i>		
Opening net book value at 1 May 2007	876	4,846
Additions	942	385
Depreciation and amortisation	(290)	(235)
Foreign exchange difference	6	(79)
	<hr/>	<hr/>
Closing net book value at 31 October 2007	1,534	4,917
	<hr/> <hr/>	<hr/> <hr/>



8. Trade and other receivables

	<i>31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
Trade receivables	2,163	5,158
Less provisions for impairment of receivables	(882)	(206)
	<hr/>	<hr/>
Trade receivables - net	1,281	4,952
Other taxes	137	-
Other debtors	452	502
Prepayments and accrued income	1,233	1,781
	<hr/>	<hr/>
	3,103	7,235
	<hr/> <hr/>	<hr/> <hr/>

9. Trade and other payables

	<i>31 October</i>	
	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>
Trade payables	4,552	10,882
Social security and other tax payables	538	318
Other payables	259	117
Accruals and deferred income	2,010	1,432
	<hr/>	<hr/>
	7,359	12,749
	<hr/> <hr/>	<hr/> <hr/>



10. Financial liabilities

	<i>Current</i>		<i>Non-current</i>	
	<i>31 October</i>		<i>31 October</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft	885	1,692	-	-
Obligations under finance leases and hire purchase contracts	154	251	59	149
Instalments due on bank loan	37	51	161	175
	<u>1,076</u>	<u>1,994</u>	<u>220</u>	<u>324</u>
	=====	=====	=====	=====



11. Provisions

	<i>Onerous lease</i>	<i>Returns</i>	<i>Warranties</i>	<i>TOTAL</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 October 2007				
Current	291	62	627	980
Non-current	291	-	436	727
	<u>582</u>	<u>62</u>	<u>1,063</u>	<u>1,707</u>
At 1 May 2008				
Current	-	93	532	625
Non-current	-	-	-	-
	<u>-</u>	<u>93</u>	<u>532</u>	<u>625</u>
Utilised during the period	-	(66)	(246)	(312)
Exceptional release	-	-	(286)	(286)
	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>
At 31 October 2008				
Analysed as:				
Current	-	27	-	27
Non-current	-	-	-	-
	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>

Provisions are required for expected returns and warranty claims on selected products sold during the last year, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year and all will be incurred within two years of the balance sheet date. Assumptions used to calculate the provisions were based on current sales levels and current information available about returns based on the one year warranty period for certain products sold.

12. Commitments

As at 31 October 2008, the Group has a commitment to pay a supplier £nil over the next two years, for participation in their distribution network (2007: £43,000).



Statement of directors' responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report herein includes a fair review of the business.

The directors of eXpansys plc are listed in the eXpansys plc Annual Report and Financial Statements for 30 April 2008 and the only change has been the resignation of Barry Roberts, Chairman on 21 October 2008. A current list of directors is maintained on the eXpansys website www.eXpansys.com

On behalf of the Board on 29 January 2009



Roger Butterworth
Chief Executive Officer



Cate Hulme
Chief Finance Officer

