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## EXPANSYS PLC

("EXPANSYS" or the "Company")

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

EXPANSYS plc, a leading global online retailer of wireless and consumer technology and provider of mobile network solutions, announces its interim results for the six months ended 31 October 2011.

#### Financial Highlights

- Turnover increased 42% to £46.6m (H1 2010: £32.7m). This includes six months of DSNS and PJ Media, compared to three months in H1 2010
- Adjusted profit before tax increased 13% to £1.6m (H1 2010: £1.4m)
- Profit before tax £0.8m (H1 2010: loss of £39k)
- Cash £4.0m (31 October 2010: £5.5m). Cash has reduced due to investment in growth areas of Asia and the US

#### Trading Highlights

- Turnover of the retail business increased 28% to £34.5m (H1 2010: £26.9m)
  - o Growth in turnover from websites (EXPANSYS.COM) of 64%
  - o Growth in the retail businesses in Asia and the US of 122% and 95% respectively compared to H1 2010
  - o Growth in Europe retail business of 19%
  - o UK retail business remains a challenge and experienced a negative performance in terms of revenue and profits in this half
- DSNS has improved core profitability through a more focused approach to suppliers and customers
- PJ Media has been successful in new business development and has a strengthened pipe-line for H2

#### Bob Wigley, Chairman of EXPANSYS, commented:

"We are encouraged by the improvements across the Group in the first half and are seeing the strategic benefits of the 2010 acquisitions flowing through. We are focused on building on this momentum through the second half of the year which includes the retail division's important Christmas period."

Enquiries:

EXPANSYS plc  
Anthony Catterson, CEO  
Chris Ogle, CFO

Via M: Communications

Cenkos Securities  
Stephen Keys or Camilla Hume

Tel: +44 (0) 20 7397 8900  
[skeys@cenkos.com](mailto:skeys@cenkos.com) / [chume@cenkos.com](mailto:chume@cenkos.com)

M:Communications  
Nick Miles or Ben Simons

Tel +44 (0)20 7920 2340  
[miles@mcomgroup.com](mailto:miles@mcomgroup.com) /  
[simons@mcomgroup.com](mailto:simons@mcomgroup.com)

Investor relations website

[www.EXPANSYS.plc.uk](http://www.EXPANSYS.plc.uk)

## CHAIRMAN'S STATEMENT

I am pleased to announce the results for the six months ended 31 October 2011 which show good progress against a backdrop of difficult trading conditions.

### Financial Review

Total turnover for the Group in the period was £46.6 million representing an increase of 42% compared to the same period last year (H1 2010: £32.7 million). Turnover for the period includes a full six months of contribution from DSNS and PJ Media, acquired in July 2010, compared to only three months of H1 2010. Turnover from the EXPANSYS.com retail business increased by 28% to £34.5 million (H1 2010: £26.9 million).

The profit before tax as adjusted for the amortisation of intangibles, share-based payment, foreign exchange and exceptional items increased by 13% to £1.6 million (2010: £1.4 million).

Profit before tax for the period was £0.8 million (2010: loss of £39k).

Cash at the end of October 2011 remained strong at £4.0 million (H1 2010: £5.5 million). Cash has reduced primarily due to the working capital requirements of Asia and the US where we are already seeing a substantial improvement in trading performance supported by our increased investment.

### Markets

EXPANSYS.com

Revenues from EXPANSYS' own websites grew by 64% in the first half of the year, driven primarily by Asia and the USA, with excellent growth for the first six months of the year of 122% and 95% respectively. As anticipated Europe continues to grow in revenue (+19%) although at a slower rate. The UK market remains our most challenging, and we saw negative performance in terms of revenue and profit in the first six months of the year, primarily because of difficult market conditions and management change as we moved location.

#### DSNS

DSNS performed ahead of expectations and signed a number of new contracts to supply national retailers in the UK with its sim-card product range, including Sainsbury's, WHSmith and Martin McColl. This lifted the total number of retail stores stocking DSNS products in the UK to 38,000, adding significant footprint to the UK's market leading sim-card distributor.

Our agreement with T-Mobile USA represented our first major push into the US sim distribution opportunity where, unlike Europe, the pre-pay and sim-only markets are nascent. This represents a significant long-term opportunity for the Group although the US sim business has already begun to contribute to revenues and profits.

#### PJ Media

PJ Media, the e-Commerce and web services business, won new business with existing customers, but more importantly, reshaped its approach to new business development, which has brought a significant number of new opportunities into the deal pipeline. We believe that PJ Media can benefit carriers worldwide through its unique IP and experience in the area of e-commerce, subscriber retention and subscriber ARPU development.

### Outlook

We are encouraged by the improvements across the Group in the first half and are seeing the strategic benefits of the 2010 acquisitions flowing through. We are focused on building on this momentum through the second half of the year which includes the retail division's important Christmas period.

**Bob Wigley**  
**Chairman**

13 December 2011

# EXPANSYS

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 31 October 2011

	Note	6 months ended 31 October 2011 £000	6 months ended 31 October 2010 £000
<b>Revenue</b>		46,585	32,735
Cost of sales		(37,096)	(25,247)
<b>Gross profit</b>		9,489	7,488
Distribution costs		(3,070)	(2,507)
Exceptional administrative items	2	(74)	(295)
Amortisation of acquired intangibles		(487)	(925)
Share-based payments expense		(235)	(138)
Other administrative expenses		(4,832)	(3,650)
Administrative expenses		(5,628)	(5,008)
<b>Operating profit / (loss)</b>		791	(27)
Finance income		-	-
Finance costs		(6)	(12)
<b>Profit / (Loss) before taxation</b>	3	785	(39)
Income tax charge		(413)	(408)
<b>Profit / (Loss) for the half year</b>		372	(447)
Attributable to owners of the parent		367	(449)
Attributable to non-controlling interests		5	2
Currency translation differences		(142)	(91)
<b>Total comprehensive income/(expense) for the half year</b>		230	(538)
Attributable to owners of the parent		225	(540)
Attributable to non-controlling interests		5	2
<b>Earnings per share (pence)</b>			
Basic earnings/(loss) per share for the half year	4	0.03p	(0.06p)
Diluted earnings/(loss) per share for the half year	4	0.03p	(0.06p)
Adjusted basic earnings per share for the half year *	4	0.10p	0.13p
Adjusted diluted earnings per share for the half year *	4	0.10p	0.12p

\* The Directors believe that reporting adjusted measures provides a more useful comparison of business performance and reflects the way in which the business is controlled. The method of calculating adjusted earnings is detailed in note 3.

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## GROUP STATEMENT OF FINANCIAL POSITION

	As at 31 October 2011	As at 31 October 2010
Note	£000	£000
<b>ASSETS</b>		
<b>Non current assets</b>		
Plant and equipment	659	693
Intangible assets	50,887	51,844
Deferred income tax assets	1,456	1,365
	<hr/> 53,002	<hr/> 53,902
<b>Current assets</b>		
Inventories	4,112	3,159
Trade and other receivables	9,939	5,246
Cash and short term deposits	4,010	5,493
	<hr/> 18,061	<hr/> 13,898
<b>Total assets</b>	<hr/> 71,063	<hr/> 67,800
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	(14,253)	(10,668)
Financial liabilities	(56)	(77)
Income tax payable	(805)	(745)
Government grants	(8)	(43)
Provisions	(55)	(51)
Deferred income tax liabilities	(55)	-
	<hr/> (15,232)	<hr/> (11,584)
<b>Non current liabilities</b>		
Financial liabilities	(45)	(97)
Deferred income tax liabilities	-	(379)
	<hr/> (45)	<hr/> (476)
<b>Total liabilities</b>	<hr/> (15,277)	<hr/> (12,060)
<b>Net assets</b>	<hr/> 55,786	<hr/> 55,740
<b>Capital and reserves</b>		
Equity share capital	2,893	2,890
Equity share premium	37,562	61,215
Merger reserve	24,417	750
Currency translation	828	998
Retained earnings/(losses)	(9,959)	(10,151)
	<hr/> 55,741	<hr/> 55,702
Equity attributable to equity holders of the parent company	55,741	55,702
Non-controlling interests	45	38
<b>Total equity</b>	<hr/> 55,786	<hr/> 55,740

## GROUP STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31 October 2011

	Equity share capital £000	Equity share premium £000	Merger reserve £000	Currency translation reserve £000	Retained earnings £000	Non-controlling interests £000	Total equity £000
At 1 May 2011	2,890	37,552	24,417	970	(10,561)	40	55,308
Equity share issue	3	-	-	-	-	-	3
Cost associated with equity share issue	-	-	-	-	-	-	-
Share-based payment	-	10	-	-	235	-	245
Profit for the period	-	-	-	-	367	5	372
Exchange differences*	-	-	-	(142)	-	-	(142)
<b>At 31 October 2011</b>	<b>2,893</b>	<b>37,562</b>	<b>24,417</b>	<b>828</b>	<b>(9,959)</b>	<b>45</b>	<b>55,786</b>

  

	Equity share capital £000	Equity share premium £000	Merger reserve £000	Currency translation reserve £000	Retained earnings £000	Non-controlling interests £000	Total equity £000
At 1 May 2010	445	10,641	750	1,089	(9,840)	-	3,085
Equity share issue	2,445	52,327	-	-	-	-	54,772
Cost associated with equity share issue	-	(1,753)	-	-	-	-	(1,753)
Share based payment	-	-	-	-	138	-	138
Acquisitions	-	-	-	-	-	36	36
Loss for the period	-	-	-	-	(449)	2	(447)
Exchange differences*	-	-	-	(91)	-	-	(91)
<b>At 31 October 2010</b>	<b>2,890</b>	<b>61,215</b>	<b>750</b>	<b>998</b>	<b>(10,151)</b>	<b>38</b>	<b>55,740</b>

\*Exchange differences relate to the retranslation of net assets of subsidiary undertakings.

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## GROUP CASH FLOW STATEMENT

For the 6 months ended 31 October 2011

	6 months ended 31 October 2011	6 months ended 31 October 2010
Note	£000	£000
<b>Operating activities</b>		
Profit / (loss) for the half year	372	(447)
Income tax expense	413	408
Net interest charge	6	12
Equity-settled share-based payment expense	245	138
Foreign exchange	(25)	62
Depreciation	138	154
Amortisation of intangible assets	604	1,191
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,753</b>	<b>1,518</b>
Decrease / (increase) in inventories	309	(971)
(Increase) / decrease in trade and other receivables	(3,864)	1,099
Increase / (decrease) in trade and other payables	1,318	(750)
<b>Cash (used in)/ generated from operations</b>	<b>(484)</b>	<b>896</b>
Interest paid	(6)	(12)
Income tax paid	(49)	(302)
<b>Net cash flow (used in)/ generated from operating activities</b>	<b>(539)</b>	<b>582</b>
Purchase of property, plant and equipment	(117)	(18)
Purchase of intangible assets	(360)	(231)
Purchase of subsidiaries	-	(13,443)
Cash acquired with subsidiaries	-	417
<b>Cash flow used in investing activities</b>	<b>(477)</b>	<b>(13,275)</b>
Issue of ordinary share capital	-	30,000
Fees associated with share issue	-	(1,753)
Capital repayment of borrowings	(27)	(10,985)
Capital repayment of finance leases and hire purchase contracts	(11)	(17)
<b>Net cash (paid) / received from financing activities</b>	<b>(38)</b>	<b>17,245</b>
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(1,054)</b>	<b>4,552</b>
<b>Cash and cash equivalents as at 1 May</b>	<b>5,060</b>	<b>924</b>
Effects of exchange rate changes	4	17
<b>Cash and cash equivalents as at 31 October</b>	<b>4,010</b>	<b>5,493</b>

## NOTES

### 1. Basis of preparation and accounting policies

The financial information comprises the unaudited results for the six months ended 31 October 2011 and 31 October 2010.

The condensed consolidated financial statements for the six months ended 31 October 2011 should be read in conjunction with the annual financial statements for the year ended 30 April 2011 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Auditors' Report on those statements was unqualified and did not contain any statements under section 498 of the Companies Act 2006.

The Group's principal accounting policies used in preparing this information are as stated in the financial statements for the year ended 30 April 2011, which have been filed with the Registrar of Companies, and are available on our website [www.EXPANSYS.com](http://www.EXPANSYS.com).

### 2. Exceptional items

	6 months ended 31 October 2011 £000	6 months ended 31 October 2010 £000
<b>Administrative expenses</b>		
Costs associated with acquisitions		385
Other, including movement in restructuring provisions	74	(90)
	<hr/>	<hr/>
Total exceptional costs	74	295
	<hr/> <hr/>	<hr/> <hr/>

### 3. Adjusted measures

The Directors believe that reporting adjusted measures provides a more useful comparison of business performance and reflects the way in which the business is controlled.

The tables below illustrate how the key adjusted measures are calculated.

	6 months ended 31 October 2011 £000	6 months ended 31 October 2010 £000
Profit (loss) before tax for the half year (as reported)	785	(39)
Add back:		
Amortisation of acquired intangibles	487	925
Exceptional items	74	295
Foreign exchange	(25)	62
Share-based payments expense	235	138
	<hr/>	<hr/>
Adjusted profit before tax for the half year	1,556	1,381
	<hr/> <hr/>	<hr/> <hr/>
	6 months ended 31 October 2011 £000	6 months ended 31 October 2010 £000
Profit (loss) for the half year attributable to equity holders of the parent company (as reported)	367	(449)
Add back:		
Amortisation of acquired intangibles	487	925
Exceptional items	74	295
Foreign exchange	(25)	62
Share-based payments expense	235	138
	<hr/>	<hr/>
Adjusted profit for the half year attributable to equity holders of the parent company	1,138	971
	<hr/> <hr/>	<hr/> <hr/>

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Calculations for adjusted earnings per share use adjusted profit for the half year attributable to equity holders of the parent company (shown above) and are detailed in note 4.

## 4. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing earnings/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share for the year amounts are calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	6 months ended 31 October 2011	6 months ended 31 October 2010
	£000	£000
Profit (loss) for the period	372	(447)
Less earnings attributable to non-controlling interests	(5)	(2)
Profit (loss) attributable to equity holders of the parent	<u>367</u>	<u>(449)</u>
	6 months ended 31 October 2011	6 months ended 31 October 2010
	'000	'000
Basic weighted average number of shares	1,156,722	737,073
Dilutive potential ordinary shares:		
Employee and consultant options	<u>11,082</u>	<u>41,805</u>
Diluted weighted average number of shares	<u>1,167,804</u>	<u>778,878</u>

Where ordinary shares are issued at a discount to the market price, the weighted average number of shares should reflect that the discount is effectively a bonus given to shareholders for no consideration. The weighted average number of shares in the current year and prior year reflect this.

The amounts for earnings per share are as follows:

	6 months ended 31 October 2011	6 months ended 31 October 2010
Basic earnings (loss) per share	<u>0.03p</u>	<u>(0.06)p</u>
Diluted earnings (loss) per share	<u>0.03p</u>	<u>(0.06)p</u>

## Adjusted earnings per ordinary share

The Directors believe that reporting adjusted measures provides a more useful comparison of business performance and reflects the way in which the business is controlled.

To this end, basic and diluted earnings per share are also presented on this basis below.

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Adjusted profit for the half year attributable to equity holders of the parent is calculated in note 3 above, and is as follows:

	6 months ended 31 October 2011 £000	6 months ended 31 October 2010 £000
Adjusted profit attributable to equity holders of the parent	1,138	971

The amounts for adjusted earnings per share using this adjusted profit for the half year attributable to equity holders of the parent are as follows:

	6 months ended 31 October 2011	6 months ended 31 October 2010
Adjusted basic earnings per share	0.10p	0.13p
Adjusted diluted earnings per share	0.10p	0.12p

## 5. Approval by the Board of Directors and Audit Committee

The interim statement was approved by the Board of Directors and the Audit Committee on 13 December 2011 and is neither audited nor reviewed by the Group's auditors.

The Directors of EXPANSYS plc are listed in the EXPANSYS plc Annual Report for 30 April 2011. A list of current directors is maintained on the EXPANSYS plc website [www.EXPANSYS.com](http://www.EXPANSYS.com).