

SpaceandPeople plc

Company Registration Number SC212277

19 September 2011

Consolidated Interim Results for the 6 months to 30 June 2011

SpaceandPeople plc ("SpaceandPeople" or the "Company"), the international experiential marketing and media group which facilitates and manages the sale of promotional and retail merchandising space in shopping centres and other high footfall venues, announces interim results for the six months ended 30 June 2011.

Highlights

- Consolidated gross revenues up 13% to £10,531k (adj. 2010: £9,325k)
- Consolidated net revenues up 21% to £4,288k (adj. 2010: £3,544k)
- Consolidated operating profit before non-recurring costs up 108% to £156k (adj. 2010: £75k)
- Consolidated profit before taxation and non-recurring costs of £97k (adj. 2010: £10k)
- Basic earnings per share before non-recurring costs up to 0.73p from an adj. 2.16p loss in 2010
- Successful integration of Retail Profile UK
- Successful launch of Retail Profile GmbH in Germany
- Indian associate now trading profitably
- Now representing 404 venues with a combined weekly footfall of 50 million customers

Note: adjusted figures for 2010 represent the results for all group companies for the six months to June 2010 including pre-acquisition results for Retail Profile.

Chief Executive's Operating Statement

The first six months of 2011 have been very important for the SpaceandPeople group of companies and is the first time that we have traded as a group throughout the six month period. Trading has been good across all companies and divisions and overall net revenue is up 21% on a like for like basis (including Retail Profile results for the full six months to June 2010 rather than from the date of acquisition on 24 May 2010) at £4,288k compared with the same period last year. Group operating profit before non-recurring costs of £156k were lower than the £205k achieved in the prior year, however, on a like for like basis this represented a 108% increase year on year.

The first half of the year has seen good sales growth in the United Kingdom promotional and retail businesses. It has also seen the introduction of the retail sales business in Germany which is growing well and delivering results that are in line with our expectations.

Basic earnings per share have more than doubled to 0.73p before non-recurring costs from 0.36p in the corresponding period in the previous year and after non-recurring costs are 0.43p compared with a loss of 1.42p in the corresponding period in the previous year.

These positive results have been achieved as a result of increased sales in existing business areas, new working practices and the synergies achieved as a result of the acquisition of Retail Profile in 2010. The overall performance is in line with our forecasts and expectations and represents a solid and encouraging start to 2011.

SpaceandPeople UK – Gross revenues rose by 10% to £6,485k in the six months to June 2011 compared with the same period in last year and the number of venues rose from 277 as at June 2010 to 305 currently and with a strong pipeline of new venues for the second half of the year. Since the acquisition of Retail Profile in May 2010, SpaceandPeople UK has borne the cost of the head office administrative function for the group and as a result has seen an operating profit before non-recurring costs of £203k in the six months to June 2010 become an operating loss of £61k in the six months to June 2011.

SpaceandPeople Germany – The business in Germany continues to grow well and we now trade in over 80 venues (76 as at June 2010). A significant amount of the business in SpaceandPeople Germany now renews within the second half of the accounting period. This has the effect of increasing the discrepancy in revenue and profitability between the first half and second half of the year, however, although sales in the first six months compared with the previous period were down by £77k, gross profit was up 25% at £71k due to better margins being achieved. The operating loss of £16k for the half year is £13k higher than the previous corresponding period due to the business building up to ensure that it is in position to deal with the anticipated increases in sales in the second half year. The sales pipeline is strong for the second half.

Retail Profile UK – 2011 is the first period in which the results of Retail Profile will be consolidated into the group results for the full period. The first six months of 2011 have seen a strong performance with sales up 20% to £2,562k for the six months to June 2010. This increase in sales has meant that Retail Profile UK has made an operating profit of £295k for the six months compared with an operating loss of £125k in the corresponding period in the previous year. Historically, Retail Profile has recorded an operating loss in the first six months of the year and this profit is a significant achievement. In the six month period, Retail Profile operated an average of 225 Retail Merchandising Units (RMUs) which was up from 215 in June 2010.

Retail Profile UK continues to receive licensing income from their Russian licensee which is an independent Russian company which operates RMUs in shopping centres in Russia which continues to perform strongly. As a result licence income in the first half year for Retail Profile was up 56% on the prior corresponding period.

Retail Profile Germany – From a standing start at the end of 2010 Retail Profile Germany has built its RMU programme up to 17 RMUs. The results are in line with expectations and trading has been very positive and is encouraging as we roll out the RMU programme further in the coming months.

SpaceandPeople India – The business has continued its rapid growth with turnover up 206% to £765k, resulting in a maiden profit of £51k. This is especially encouraging as much of the focus of this business has been on developing the brand, creating a network of venues under contract and the training and direction of the employees. The team which constitutes 30 staff in 8 cities is now well set to achieve further sales and profits.

Overall, trading and results for the first half of 2011 have been good as we have built upon the successes of 2010. We are confident that this trend will continue and that this will be evident in the full year results.

Matthew Bending
Chief Executive Officer
16 September 2011

Independent Review Report to SpaceandPeople plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2011 which comprises, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The AIM Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules of the London Stock Exchange and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules For Companies.



Campbell Dallas LLP Chartered Accountants & Registered Auditors

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King's Inch Place
Glasgow
G51 4BP

Date:

13/9/2011

SpaceandPeople plc

Consolidated Group Statement of Comprehensive Income

For the 6 months ended 30 June 2011

	Notes	6 months to <u>30 June '11</u> (Unaudited) £'000	6 months to <u>30 June '10</u> (Unaudited) £'000	14 months to <u>31 December '10</u> (Audited) £'000
Revenue	5	4,288	1,597	7,772
Administration expenses		(4,139)	(1,392)	(6,116)
Other operating income		7	-	9
Operating profit before non-recurring costs	5	<u>156</u>	<u>205</u>	<u>1,665</u>
Non-recurring costs		(83)	(329)	(331)
Operating profit/(Loss)		<u>73</u>	<u>(124)</u>	<u>1,334</u>
Finance income		-	1	1
Finance costs		(59)	(15)	(75)
Profit/(Loss) before taxation		<u>14</u>	<u>(138)</u>	<u>1,260</u>
Taxation		69	(51)	(415)
Profit/(Loss) after taxation		<u>83</u>	<u>(189)</u>	<u>845</u>
Earnings per share	12			
Basic – before non-recurring costs		0.73p	0.36p	7.15p
Basic – after non-recurring costs		0.43p	-1.42p	5.38p
Diluted – before non-recurring costs		0.69p	0.33p	6.72p
Diluted – after non-recurring costs		0.40p	-1.29p	5.06p
Profit/(Loss) after taxation		<u>83</u>	<u>(189)</u>	<u>845</u>
Foreign exchange differences on translation of foreign operations		21	(16)	(9)
Total comprehensive income for the period		<u>104</u>	<u>(205)</u>	<u>836</u>

SpaceandPeople plc

Consolidated Group Statement of Financial Position

At 30 June 2011

Company number SC212277

	Notes	<u>30 June '11</u> (Unaudited) £'000	<u>30 June '10</u> (Unaudited) £'000	<u>31 December '10</u> (Audited) £'000
Assets				
Non-current assets:				
Goodwill	6	7,981	7,981	7,981
Investment in associates		156	156	156
Other intangible assets	7	58	129	88
Property, plant & equipment	8	859	443	666
Deferred tax assets		-	-	203
		<u>9,054</u>	<u>8,709</u>	<u>9,094</u>
Current assets:				
Trade & other receivables		2,479	2,135	2,642
Cash & cash equivalents		2,135	1,202	1,981
		<u>4,614</u>	<u>3,337</u>	<u>4,623</u>
Total assets		<u>13,668</u>	<u>12,046</u>	<u>13,717</u>
Liabilities				
Current liabilities:				
Trade & other payables		3,989	2,933	3,049
Current tax payable		127	164	493
Other borrowings		1,985	455	1,985
		<u>6,101</u>	<u>3,552</u>	<u>5,527</u>
Non-current liabilities:				
Deferred tax liabilities		27	-	27
Long term loan	9	918	2,433	1,140
		<u>945</u>	<u>2,433</u>	<u>1,167</u>
Total liabilities		<u>7,046</u>	<u>5,985</u>	<u>6,694</u>
Net assets		<u>6,622</u>	<u>6,061</u>	<u>7,023</u>
Equity				
Share capital	11	194	194	194
Share premium		4,816	4,816	4,816
Special reserve		233	233	233
Retained earnings		1,379	818	1,780
Shareholders equity		<u>6,622</u>	<u>6,061</u>	<u>7,023</u>

SpaceandPeople plc

Consolidated Group Statement of Cash Flows

For the 6 months ended 30 June 2011

	Notes	6 months to 30 June '11 (Unaudited) £'000	6 months to 30 June '10 (Unaudited) £'000	14 months to 31 December '10 (Audited) £'000
Cash flows from operating activities				
Cash generated from operations		1,337	81	1,688
Interest paid		(59)	(15)	(75)
Taxation		(95)	(2)	(210)
Net cash inflow from operating activities		1,183	64	1,403
Cash flows from investing activities				
Interest received		-	1	1
Purchase of intangible assets		-	(10)	(2)
Purchase of property, plant & equipment	8	(302)	(26)	(355)
Cash paid on acquisition of subsidiary		-	(1,375)	(1,375)
Cash received on acquisition of subsidiary		-	561	561
Investment in associates		-	(86)	(86)
Net cash (outflow) from investing activities		(302)	(935)	(1,256)
Cash flows from financing activities				
Proceeds from issue of shares		-	1,081	1,200
Funding costs on acquisition of subsidiary		-	(64)	(185)
Repayment of bank loan	9	(222)	(72)	(289)
Cash (paid) / received on behalf of associate		-	-	-
Dividends paid	10	(505)	(233)	(233)
Net cash inflow (outflow) from financing activities		(727)	712	493
Increase / (decrease) in cash and cash equivalents		154	(159)	640
Cash at beginning of period		1,981	1,361	1,341
Cash at end of period		2,135	1,202	1,981
Reconciliation of operating profit to net cash flow from operating activities				
Operating profit / (loss)		73	(124)	1,334
Amortisation of intangible assets		30	39	82
Depreciation of property, plant & equipment		109	32	147
Effect of foreign exchange rate moves		21	(16)	(9)
Write off of investment in associate		-	47	47
(Increase) / decrease in receivables		163	362	(224)
Increase / (decrease) in payables		941	(259)	311
Cash flow from operating activities		1,337	81	1,688

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Consolidated Group Statement of Changes in Equity

For the 6 months ended 30 June 2011

6 months to 30 June '11	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January '11	194	4,816	233	1,780	7,023
Shares issued	-	-	-	-	-
Costs of issuing equity	-	-	-	-	-
Foreign currency translation	-	-	-	21	21
Profit for the period	-	-	-	83	83
Dividends paid	-	-	-	(505)	(505)
At 30 June '11	194	4,816	233	1,379	6,622

6 months to 30 June '10	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January '10	117	266	233	1,256	1,872
Shares Issued	77	4,735	-	-	4,812
Costs of issuing equity	-	(185)	-	-	(185)
Foreign currency translation	-	-	-	(16)	(14)
Profit for the period	-	-	-	(189)	(191)
Dividends paid	-	-	-	(233)	(233)
At 30 June '10	194	4,816	233	818	6,061

14 months to 30 December '10	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total equity £'000
At 1 November 2009	117	266	233	1,177	1,793
Shares Issued	77	4,735	-	-	4,812
Costs of issuing equity	-	(185)	-	-	(185)
Foreign currency translation	-	-	-	(9)	(9)
Profit for the period	-	-	-	845	845
Dividends paid	-	-	-	(233)	(233)
At 31 December '10	194	4,816	233	1,780	7,023

SpaceandPeople plc

Notes to the financial statements

For the 6 months ended 30 June 2011

1. General information

SpaceandPeople plc is a limited liability company incorporated and domiciled in Scotland (registered number SC212277) which is listed on AIM (dealing code SAL).

This condensed consolidated interim financial information has been reviewed, but not audited, by the auditors, and their independent review is set out on page 3 of this report. It does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The financial information for the 14 months to 31 December 2010 has been extracted from the statutory accounts for that period. These published accounts were reported on by the auditors without qualification or an emphasis of matter reference, and did not include a statement under section 498 of the Companies Act 2006, and have been delivered to the Registrar of Companies.

This condensed consolidated interim financial information was approved by the board on 19 September 2011.

2. Basis of preparation

This condensed consolidated interim financial information for the 6 months ended 30 June 2011 has been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the financial statements of the Company for the period ending 31 December 2010 which were prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

3. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the financial statements of the Company for the year ended 31 December 2010.

4. Seasonality of operations

Due to the seasonal nature of the retail business, higher revenues and operating profits are usually expected in the second half of the year than in the first six months, particularly for subsidiary company Retail Profile Europe.

5. Segmental reporting

The Group maintains its head office in Glasgow and a branch office in Hamburg, Germany. These are reported separately. In addition its subsidiary, Retail Profile, has an office in London and has a licensing agreement in Germany. The Group has determined that these are the principal operating segments as the performance of these segments is monitored separately and reviewed by the board.

The following table present revenue and profit and loss information regarding the Group's two business segments - Promotional Sales and Retail, split by geographic area: (Retail Profile from acquisition of 24 May 2010 only):

	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Group £'000
6 months to 30 June '11					
Revenue	1,200	288	2,562	238	4,288
Operating profit (loss) before non-recurring costs	(61)	(16)	295	(62)	156
6 months to 30 June '10					
Revenue	1,080	365	152	-	1,597
Operating profit (loss) before non-recurring costs	203	(3)	5	-	205
14 months to 31 December '11					
Revenue	2,568	1,237	3,945	22	7,772
Operating profit / (loss) before non-recurring costs	270	375	1,025	(5)	1,665

Retail Profile Germany generated revenue during the period from RMUs purchased in the period.

6. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. The Directors consider that the business of Retail Profile Holdings Limited is the only identifiable CGU and the carrying amount of Goodwill is allocated in full against this CGU.

No amortisation of the carrying value has been occurred at the interim review date.

7. Other intangible assets

	6 months to 30 June '11 £'000	6 months to 30 June '10 £'000	14 months to 31 December '10 £'000
Opening Balance	88	158	168
Additions	-	10	2
Amortisation	(30)	(39)	(82)
Closing Balance	58	129	88

8. Property, plant and equipment

	6 months to 30 June '11 £'000	6 months to 30 June '10 £'000	14 months to 31 December '10 £'000
Opening Balance	666	43	52
Acquired on acquisition	-	406	406
Additions	302	26	355
Depreciation	(109)	(32)	(147)
Closing Balance	859	443	666

The movement in PPE is mainly accounted for by the addition of Retail Merchandising Units (RMUs) purchased for the Retail Profile GmbH license agreement.

9. Non-current liabilities

At 30 June 2011, Retail Profile Holdings Limited had a bank loan of £1,373k (of which £455k is included in current liabilities being repayable within 12 months) repayable in monthly instalments of £37,917 with interest at a fixed rate of 6.5% on £1,000,000 of the loan, and base rate, subject to a cap of 3%, plus a margin of 3% on the balance. The loan note is secured by a fixed and floating charge over the assets of Retail Profile Holdings Limited and its subsidiaries.

10. Dividends

	30 June '11 £'000	30 June '10 £'000	31 December '10 £'000
Paid during the period	505	233	233

11. Called up share capital

Allotted, issued and fully paid			30 June '11	30 June '10	31 December '10
Class	Nominal value				
Ordinary	1p	£	194,311	194,311	194,311
		Number	19,431,063	19,431,063	19,431,063

12. Earnings per share

Earnings per share has been calculated using the profit/(loss) after taxation for the period and the weighted average number of shares in issue. Tax assumed at 28% on non recurring costs.

	30 June '11 £'000	30 June '10 £'000	31 December '10 £'000
Profit / (loss) after Taxation			
- Before non-recurring costs	142	48	1,123
- After non-recurring costs	83	(189)	845

Weighted average number of shares in issue

during the period	'000	'000	'000
- 1p ordinary shares	19,431	13,286	15,707
- Share options	1,331	1,330	1,011
- Diluted ordinary shares	20,762	14,616	16,718

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