THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to its contents, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

A copy of this document, which comprises a prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995 as amended ("the Regulations"), has been delivered to the Registrar of Companies in England and Wales and Scotland for registration as a prospectus in accordance with Regulation 4(2) of the Regulations. The Directors of SpaceandPeople Plc, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the entire issued ordinary share capital of SpaceandPeople Plc to be admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies attaches. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after careful consideration and consultation with a suitably qualified and regulated independent financial adviser. In particular, prospective investors' attention is drawn to the section headed "Risk Factors" set out in Part II of this document.

The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority ("UKLA"). It is emphasised that no application is being made for admission of the Ordinary Shares of SpaceandPeople Plc to the Official List of the UKLA. Furthermore, neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document.

SPACEANDPEOPLE PLC

(incorporated in Scotland under the Companies Act 1985 with registered number SC212277)

Placing by Keith, Bayley, Rogers & Co. Limited of 200,000 Placing Shares and up to 400,000 Sale Shares at a price of 50p per share payable in full on application and Application for Admission to trading on the Alternative Investment Market

Nominated Adviser
ARM Corporate Finance Limited

Broker
Keith, Bayley, Rogers & Co. Limited

Share Capital

Authorised			*Issued following the Placing*	
Amount	*Number*		*Amount*	*Number*
£150,000	15,000,000	Ordinary Shares of 1p each	£114,000	11,400,000

This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States of America, Canada, Australia, Republic of Ireland or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

ARM Corporate Finance Limited, which is regulated by the Financial Services Authority, is the Company's nominated adviser for the purposes of the AIM Rules. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Placing Shares in reliance on any part of this document. No representation or warranty, expressed or implied, is made by ARM Corporate Finance Limited as to any of the contents of this document (without limiting the statutory right of any person to whom this document is issued). Keith, Bayley Rogers & Co. Limited is the Company's Broker and is regulated by the Financial Services Authority. It is acting exclusively for the Company and no-one else in connection with the Placing or Admission. It will not regard any other person as its customer nor be responsible to any person for providing protections afforded to the clients of Keith, Bayley, Rogers & Co. Limited nor for providing advice to any other person in connection with the arrangements described in this document. No representation or warranty, expressed or implied, is made by Keith, Bayley, Rogers & Co. Limited as to any of the contents of this document (without limiting the statutory right of any person to whom this document is issued).

CONTENTS

EXPECTED TIMETABLE

Expected time and date of commencement of dealings on AIM in the Ordinary Shares and CREST accounts credited by	8.00 a.m. on 31 December 2004
Expected date of despatch of definitive Ordinary Share certificates	7 January 2005

PLACING STATISTICS

Placing Price	50p
Number of fully paid Ordinary Shares currently in issue	11,200,000
Number of Placing Shares	200,000
Number of Ordinary Shares in issue following the Placing	11,400,000
Market capitalisation at the Placing Price following the Placing	£5,700,000
Estimated proceeds of the Placing (before expenses)	£100,000
Percentage of the enlarged issued share capital of the Company represented by Placing Shares	1.75%

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985 (as amended).
"Admission"	admission of the entire issued ordinary share capital of the Company to trading on AIM pursuant to the AIM Rules.
"AIM"	the Alternative Investment Market of the London Stock Exchange.
"AIM Rules"	the AIM Rules for Companies.
"ARMCF"	ARM Corporate Finance Limited a registered AIM Nominated Adviser and regulated by the FSA.
"Company" or "SpaceandPeople"	SpaceandPeople Plc.
"CREST"	the computerised registration and electronic stock transfer system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 10/3755)) for the paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by CRESTCo Limited.
"Directors" or "Board"	the Directors of the Company from time to time.
"EIS"	Enterprise Investment Scheme.
"EMI Option Scheme"	the Enterprise Management Incentive Share Option Scheme, details of which are set out in paragraph 5 of Part IV of this document.
"Existing Shares"	the 11,200,000 Ordinary Shares currently in issue.
"FSMA"	the Financial Services and Markets Act 2000.
"FSA"	the Financial Services Authority.
"Group"	the Company, Promozone Limited and ISPP Limited.
"IP"	Intellectual property including, but not limited to, patents, know-how, trade marks, registered designs, copyrights or design rights.
"KBR"	Keith, Bayley, Rogers & Co. Limited, a member of the London Stock Exchange and International Securities Market Association, and regulated by the FSA.
"London Stock Exchange"	London Stock Exchange Plc.
"Model Code"	the Model Code on directors' dealings in securities as set out in the appendix to Chapter 16 of the Listing Rules of the UK Listing Authority.
"Official List"	the official list of the UK Listing Authority.
"Overseas Shareholders"	Shareholders with a registered address outside the United Kingdom.
"Ordinary Shares"	Ordinary Shares of 1p each in the capital of the Company.

"Placees"	together the subscribers under the Placing and the purchasers of the Sale Shares.
"Placing Agreement"	the placing agreement dated 21 December 2004 between the Company, the Directors, ARMCF and KBR in respect of issue of the Placing Shares by the Company and the sale of the Sale Shares by Matthew Bending and Nancy Cullen, further details of which are set out in paragraph 10 of Part IV of this document.
"Placing Price"	50p per Ordinary Share.
"Placing Shares"	the 200,000 Ordinary Shares to be issued pursuant to the Placing all of which are being placed.
"Placing"	the conditional placing by KBR of the Placing Shares and the Sale Shares as described in this document.
"Sale Shares"	a total of 400,000 Ordinary Shares to be sold by Matthew Bending and Nancy Cullen, either by themselves or by a member of their immediate family, pursuant to the Placing Agreement.
"Secretaries" or "Company Secretaries"	Watlington Securities Limited, (regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities).
"Shareholders"	holders of Ordinary Shares.
"Share Options"	the options granted or conditionally granted by the Company to subscribe for Ordinary Shares.
"Strathclyde Incubator"	Strathclyde University Incubator Limited.
"Taxes Act"	the Income and Corporation Taxes Act 1988.
"UKLA"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA.

DIRECTORS AND ADVISERS

Directors	Jeremy John Arnold *(Non-Executive Chairman)* Matthew John Bending *(Joint Managing)* Nancy Jane Cullen *(Joint Managing)* Craig Lyon Campbell *(Non-Executive)* all of whose business address is: 141 St James Road, Glasgow G4 0LT
Registered Office and Head Office	141 St James Road, Glasgow G4 0LT
Company Secretaries	Watlington Securities Limited 36 Elder Street, London E1 6BT
Nominated Adviser	ARM Corporate Finance Limited 12 Pepper Street, London E14 9RP
Broker	Keith, Bayley, Rogers & Co. Limited Sophia House, 76/80 City Road, London EC1Y 2EQ
Auditors and Reporting Accountants	Robb Ferguson *Chartered Accountants and Registered Auditors* 5 Oswald Street, Glasgow G1 4QR
Solicitors to the Company	Stallard Centurion House, 37 Jewry Street, London EC3N 2ER
Bankers	Lloyds TSB Bank Plc 52-60 St Vincent Street, Glasgow G2 5TS
Registrars	Neville Registrars Limited Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA

PART I

1. Introduction

The Company, which is based in Glasgow, was established in October 2000 by its Joint Managing Directors, Matthew Bending and Nancy Cullen, to (i) fulfil a perceived business need from property investors to maximise revenues from shopping centres and other high footfall locations and (ii) provide a facility for brand owners and other potentially interested parties such as public relations agencies, field marketing agencies and sales promotions companies who use such locations to promote their clients' products.

SpaceandPeople has developed what the Directors believe to be a unique dynamic web-based system that allows promotional space to be valued and sold online. The sales process is permission based allowing the venues to retain control of their space throughout the process.

Since incorporation the business has grown successfully, with turnover rising in the three years ended 31 October 2004 from approximately £363,000 in 2002, £646,000 in 2003, to £1,033,000 in 2004. Over the corresponding period losses of £182,000 were sustained in 2002 and profits before taxation and dividends of £17,000 and £195,000 were achieved for the years ended 31 October 2003 and 2004 respectively. The Directors believe that the Company is now poised to take advantage of further major opportunities for expansion as detailed in paragraph 4 below.

2. Market Overview

There are currently over 1,500 shopping centres and retail parks within the United Kingdom and Ireland with more than 100 million individual visits per month.

The principal revenue stream for such shopping centres is rental income from retail units and in recent years some property owners have been able to enhance their orthodox revenue streams by renting areas within their centres, which do not constitute retail units, to commercial concerns on a short term basis ("Mall Income"). Mall Income is now making an increasing contribution to the overall income of shopping centres and other high footfall locations.

Mall space is used by a myriad of different companies who, the Directors believe, increasingly view shopping centres as an alternative medium for promoting products for the following reasons:

- Shopping centre sites facilitate mass marketing with the average weekly footfall in many centres exceeding 250,000 people (unaudited);
- Shopping centre sites allow customers to see, hear, touch or even smell products, attributes which the Directors believe, more conventional media such as radio, television and poster sites are unable to achieve;
- People within shopping centres are in a purchasing mindset and, the Directors believe, are therefore more inclined to purchase than when being reached by more conventional media; and
- Promotions in shopping centres are low cost when compared to other forms of media. For example The Herald, a Glasgow city newspaper, which has a circulation of 101,450 and an average audited readership of 255,000 people, costs £11,500 for a display mono full page advertisement which equates to a cost per thousand of £45.10. In contrast, advertising in the mall of Buchanan Galleries, a large Glasgow shopping centre, costs £4,000 per week which with a footfall of 411,000 per week (unaudited) equates to a cost per thousand of £9.73 (figures quoted are as at 20 November 2004).

Other factors which the Directors believe indicate that SpaceandPeople will expand as live brand experience promotions are accepted as a creditable media are:

- The fragmentation of traditional media audiences;
- Audience sizes in shopping centres are comparable with other mainstream media; and
- The results of promotions in shopping centres can be very accurately measured.

3. The Business

The Directors believe that, until quite recently property companies, being the owners of shopping centres and other high footfall locations in the United Kingdom, have used the mall space within and adjacent to their shopping centres only on an ad-hoc basis for commercial purposes.

SpaceandPeople was established to create a centralised function available to shopping centre operators for the management and sale of such promotional space. The assertion was that by:

1. Providing a database of information for utilising mall space for promotional purposes;
2. Removing the hurdles to booking; and
3. Facilitating a transparent charging policy

new advertisers would be drawn to the media and the revenues from mall income would be enhanced.

This centralised function also enables the Company to provide an instant nationwide picture of promotional sites available on its service to advertisers. This was previously time consuming and difficult to access.

The service provided by SpaceandPeople has proved popular with its clients, the owners of shopping centres and other high footfall locations, and the Company currently represents approximately 123 venues with a combined footfall of more than 24 million people per week (unaudited). Clients include:

Covent Garden Market,
Hammerson Property Services,
Lend Lease,
Prudential and
Standard Life Investments.

The Company has organised space for live brand experience campaigns for many leading organisations including:

Audi,
Barclaycard,
British Gas,
Butlins,
Cadbury Schweppes,
Epson,
Martini,
Nivea,
Siemens,
Transport for London,
Virgin,
Walkers and
Warburtons.

SpaceandPeople derives its main revenue from commissions received from the property owners for any sale transacted by them through SpaceandPeople. For the year ended 31 October 2004 commissions represented 90.3 per cent. of total turnover.

Of the 123 venues with which arrangements currently exist only one venue accounts for more than 10 per cent. of the Company's aggregate commission income. The Company seeks to enter into arrangements with both groups and individual venue operators for contractual periods ranging from one to five years. For example arrangements have recently been entered into for a five year period from December 2004 with one group comprising several separate contracts with over a dozen individual centres which between them accounted for approximately one third of the commission income last year.

For the year ended 31 October 2004 no advertiser represented more than approximately 10 per cent. of advertising sales or commissions across all the venues.

SpaceandPeople has developed what the Directors believe to be a unique dynamic web-based system that allows promotional space to be valued and sold online. The sales process is permission based allowing the venues to accept or reject all requests for space put before them. The venues retain control of their space throughout the process.

The website contains a database of shopping centre reference material that will enable any brand owner or agency wishing to utilise shopping centre space to access the details of each site. The database will describe a shopping centre and typically provide the following information:

- Geographical location;
- Key tenants;
- Demographics (customer types and percentage of ABC1 customers within a catchment area);
- Footfall traffic (unaudited);
- Site dimensions;
- Site location and digital imagery of the location;
- Prices; and
- Technical data (power, ISDN availability etc).

Brand owners that use venues for promotion purposes now have direct access to a range of data which, in the Directors' opinion, enables them to make informed decisions as to the most suitable locations for interacting with their target customer base.

The success of this approach has enabled the Company to win The Scottish e-Business Award, Winners @ the Web 2003; and be a finalist in New Media Effectiveness Awards 2003 and Orange "Small is Beautiful" Business Awards 2004.

4. The Services

Currently SpaceandPeople offer the following sales and administrative services to owners and operators of shopping centres and similar venues:

- *Site consultancy and advice*

  this service involves an audit of a particular venue and assistance in establishing a mall income strategy. This would include income forecasts, venue evaluations, infrastructure requirements and on-site training;

- *Management information*

  analysing sales, customer satisfaction and venue occupancy rates to maximise tariffs and occupancy;

- *Benchmarking sales by venue type*

  this service provides an in-depth consultancy as to a venue's potential mall income. All venues are benchmarked using a set of in-house performance matrices. At present this data is used by Shopping Centre Magazine (an industry recognised publication) to show mall income trends nationally and has created a valuable marketing tool for SpaceandPeople; and

- *Cash management*

  invoicing and cash collection services on behalf of a significant number of clients.

The Company has focussed on increasing revenue for its clients (and hence for itself) by establishing dedicated sales teams, each of which provides solutions to specific promotional requirements.

The function of each team is as follows:

(a) *The Inbound team*

The Inbound team is the first point of contact for many promoters and/or advertisers enquiring about booking promotional space and it deals with a wide variety of promotions from local businesses to national road shows. The team also centralises and manages all administration of sales.

(b) *The Brand Experience team*

The Brand Experience team is a specialist agency account team established to assist advertising agencies in matching campaign briefs given to them by their clients to venue locations and specifications.

(c) *The Venue Services team*

The Venue Services team is the main point of contact for shopping centres and other venues wishing to use the Company's services. It acts as a consultancy service handling enquiries, administration, and making specific changes to the website. It is also responsible for the sourcing of new venues for the service.

(d) *The Outbound team*

The Outbound team works as a *de facto* sales department for the venues specialising in sector specific sales drives to encourage new business into venues.

The potential benefits of using the services provided by SpaceandPeople can be summarised as follows:

(i) *To client venues:*

- Increased revenues;
- Increased visibility for the venue;
- Decreased on-site sales administration;
- Improved management information and accountability;
- A legal contract between the shopping centre and the advertiser; and
- Greater diversity on the malls.

(ii) *To Advertisers:*

- A free service;
- A "Onestop" booking service;
- National network of venues and their availability;
- Transparent pricing; and
- Easily accessible data via www.spaceandpeople.com and the call centre.

A number of specific areas have been identified as future opportunities for expansion including:

(i) *Existing venues*

Analysis from a representative sample of clients shows that for 2004 the average occupancy in SpaceandPeople centres with at least one indoor promotional site is less than 50 per cent. demonstrating significant potential for increased sales. Similarly the Directors believe that there is considerable scope for increasing tariff rates.

(ii) *Additional shopping centres*

The Directors believe that there is further growth in the shopping centre market by recruiting additional shopping centres to the service. SpaceandPeople are currently in discussions with many of the significant property groups in the United Kingdom.

(iii) *New venue types*

The Directors believe that there is potential to expand the service by the addition of other types of venue in the United Kingdom which are not related to shopping centres and could include any venue which offers high footfall combined with promotional space.

(iv) *Overseas expansion*

The benefits derived from undertaking promotions in venues with a high footfall can be replicated in other territories. The Directors are unaware of any similar web or call-centre based companies exploiting the market in any country at present.

To date SpaceandPeople have undertaken initial research in Australia, Canada and Hong Kong, and, in the Directors' opinion, mall space promotions are still being sold in a fragmented way in these countries.

The Company intends to seek partners who can utilise its technology and management expertise to replicate the SpaceandPeople business in other countries.

(v) *Events*

These are locally based events such as "The Wedding Show" and "Car Show" which enable local advertisers to access the customer base of a venue in a trade show format. SpaceandPeople has to date undertaken two wedding shows and one car show as trials. The Directors believe that its network of venues could provide the locations to meet the growing demand for such events.

(vi) *Rental of Retail Merchandising Units ("RMU's)*

RMUs are mobile sales units brought into malls for short term retailing and promotional events. The Directors believe that this market is ripe for development.

(vii) *Media Packages in venues*

Shopping centres increasingly have available other media such as plasma screens, vidiwalls, digital media and 6 sheet poster advertising.

Recent trials by a mobile phone company showed that the effectiveness of a live brand experience campaign was greatly enhanced by the utilisation of such complementary media. The trial also showed that the advertisers would be willing to increase budgets to access these opportunities.

(viii) *Live Brand Experience Association ("LBEA")*

SpaceandPeople recognises that to grow the market the industry must undertake independent research to evaluate effectiveness of live brand experience promotions. As a result the Company has acted as a catalyst to set up LBEA with the purpose of bringing together venues, brands and agencies to develop live brand experience as an advertising medium in its own right.

The LBEA was established in September, 2004 with Matthew Bending as Chairman and should enable independent research to be funded, validating and benchmarking live brand experience in relation to other media and enable traditional buyers of media to buy it transparently and with assurance of its effectiveness.

5. Technology and IP

Key to the Company's operations is its technology based system, which has been developed in-house. This enables the Company to provide a web-based on-line sales and management facility on behalf of its clients who, because the whole system is permission based, are able to retain control of their venue space at all times.

The system provides the following services:

- instant information on venue availability and pricing;
- centralised issue of contracts and a clear understanding of the parties' obligations;
- central management of space sales and pricing, allowing property managers to manage space remotely;

- automatic reporting of activity on the website and sales results;
- advertiser histories and activities enabling trends and patterns to be established; and
- mass email which allows for instant messages to be sent to the whole of the advertiser base and/or space buyers.

The Company has registered its trademark in the United Kingdom and filed a patent application in the United States of America.

The UK Trade Mark Registration No. 2261384 "SpaceandPeople" has been registered in the United Kingdom since 15 February 2001. The Mark is registered for a period of ten years and may be renewed after each ten year period for a further ten years. The Company intends, in due course, to register its name and logo in Europe.

The United States of America patent application was filed on 20 June 2001 and relates to a method of selling advertising space through an internet website. Subject matter of this kind is not patentable in Europe, but has been held to be acceptable for patenting in the United States. That decision by the United States authorities has led to a very large backlog of patent applications in that sphere. In October 2003 the Company was informed that the examiner expected to consider the application in about 12 to 15 months from that date.

6. Directors and Employees

Directors

Jeremy John Arnold (Non executive Chairman,) aged 70

Jeremy has considerable experience in the advertising and associated media industries having become a director of Motionposter plc in March 2000 and appointed Chairman in October 2002. Motionposter entered into a Company Voluntary Arrangement in November, 2003 but is still trading through its German subsidiary.

During the period 1970 to 1975 Jeremy was Managing Director of Mills & Allen Limited who, in 1972, acquired British Lion Group whose subsidiaries included British Lion Films, Shepperton Studios and Pearl & Dean, then the UK's leading cinema advertising contractor. At that time he was appointed Managing Director of the enlarged group and Chairman of all the operating subsidiaries. For the next 25 years Jeremy worked in similar roles exclusively in Germany primarily within the outdoor advertising industry.

Matthew John Bending BA (Hons) (Joint Managing,) aged 40

Matthew is based at the Glasgow office and is primarily responsible for the generation of sales and the general day to day management of the Company. Much of his time is spent making presentations to brands and agencies appraising them of the benefits of using the SpaceandPeople services.

Matthew moved to Scotland in December, 1999 to take up the post of marketing manager for Standard Life Investments Scottish Shopping Centres which lead to the SpaceandPeople concept. Prior to that appointment Matthew was marketing manager with SMi Conferences specialising in finance and marketing conference sales, this being after six years in the city of London as an international money broker.

Nancy Jane Cullen BA (Hons) (Joint Managing,) aged 40

Nancy is based at the Hemel Hempstead office and is responsible for liasing and consulting with all venues on the SpaceandPeople service and the acquisition of new venues within the United Kingdom.

Nancy started her career as a graduate trainee with BP Oil and then worked in marketing on the launch of EuroStar's on-board service before working in the property industry. Nancy has extensive experience in the property market having worked for seven years as Marketing Manager at Brent Cross Shopping Centre in North London which is owned by Hammerson PLC and Standard Life Investments.

Craig Lyon Campbell B.Acc.CA (Non-Executive,) aged 49
For the last 15 years Craig has been a non-executive director of Strathclyde Incubator who are responsible for undertaking the majority of the administrative functions of the Company. Formerly Craig was general manager with Murgitroyd & Company Limited and prior to that a corporate banking manager with Lloyds TSB Plc.

Details of Directors service contracts and emoluments can be found in paragraph 6 of Part IV of this document.

Staff
Currently the Company employs a further 18 members of staff, the majority of whom are involved in sales. The sales manager, Nick Hill aged 33, has a thorough knowledge of the media industry having worked with the Telegraph Group Limited for over 6 years. He is responsible for the effective management of all the sales teams.

The majority of the administrative and accounting functions are carried out by Strathclyde Incubator under a services agreement, referred to at paragraph 11 of Part IV of this document, and the company secretarial function is carried out by Watlington Securities Limited.

The Company operates from offices situated in both Glasgow and Hemel Hempstead on short term leases which can be terminated on 3 months and 2 months notice respectively.

7. Admission, Placing and Sale Shares
The Directors believe that the Company has developed to a stage where it will benefit from a wider shareholder base and the visibility it will gain as a company whose shares are traded on a public market. Accordingly, application is being made for the entire issued share capital of the Company, as enlarged by the issue of the Placing Shares, to be admitted to trading on AIM.

In order to meet the expenses associated with the preparation of this document and the costs of the application for Admission, a total of 200,000 Placing Shares have been placed, conditionally on Admission taking place on or before 31 December 2004, at the Placing Price to raise £100,000, being the estimated costs and expenses of the Admission and Placing.

As part of the Placing Nancy Cullen will dispose of Ordinary Shares up to a value of £100,000 and Matthew Bending will dispose of Ordinary Shares up to a value of £100,000 (both before expenses) at the Placing Price. Each will be responsible for their own costs relating to this transaction including all relevant placing commissions and stamp duty.

Further information on the Placing is set out in paragraph 10 of Part IV of this document.

8. Lock-In arrangements
Other than the disposal of the Sale Shares by Matthew Bending and Nancy Cullen referred to in paragraph 7 above the Directors have undertaken to the Company, ARMCF and KBR that neither they, nor any person connected to them, will dispose of any Ordinary Shares held by them for a period of one year from the date of Admission, in each case, save in the event of an intervening court order, a takeover offer relating to the Ordinary Shares, execution of an irrevocable commitment to accept a general offer relating to the Ordinary Shares or on the death of that person, and that in any event, for a period of two years from the date of Admission, they will only dispose of the Ordinary Shares held by them through the Company's broker in accordance with the provisions of the Model Code and with the permission in writing of ARMCF or KBR, such permission not unreasonably to be withheld.

9. Share Options
The Directors believe that equity incentives are a means of attracting, motivating and retaining key employees. The Company has established an EMI Option Scheme under which the maximum number of Ordinary Shares that can be granted is restricted to such number of shares the aggregate market value of which cannot exceed £100,000 per employee at the date of grant. Senior executives and certain

eligible employees are entitled to participate in the EMI Option Scheme at the discretion of the Board, which in the future will be advised on such matters by the Remuneration Committee.

In aggregate Share Options have been granted under the EMI Option Scheme over 163,000 Ordinary Shares representing 1.43 per cent. of the issued ordinary share capital as enlarged by the Placing.

Further details of the EMI Option Scheme can be found in paragraph 5 of Part IV of this document.

10. Financial Information

The following is a summary of the financial information of the Company for the last three financial years ended 31 October 2004 . This summary has been extracted from the Accountants' Report set out in Part III of this document, which should be read in full.

	Years ended 31 October		
	2002	*2003*	*2004*
	£	*£*	*£*
Turnover	363,899	646,591	1,033,723
Operating profit/(loss)	(178,875)	20,762	189,120
Profit/(loss) on ordinary activities before taxation	(181,969)	17,198	195,517

The Directors believe that negotiations currently in hand with potential venues should generate further revenue growth and, in due course, increased profitability, which leads them to view the prospects for the future with confidence.

Your attention is also drawn to the Risk Factors set out in Part II and the additional information contained in Part IV of this document.

11. Dividend Policy

The sum of £56,000 was paid as an interim dividend for the financial year ended 31 October 2004, being 5p per Ordinary Share prior to the issue of the Bonus Shares referred to in paragraph 3 of Part IV of this document (equivalent to 0.5p post the bonus issue). The Company is seeking primarily to achieve capital growth for its shareholders in the medium term but it is the present intention of the Directors to pay an annual dividend on the Ordinary Share capital of the Company.

12. Corporate Governance

The Directors intend, as soon as practicable and, so far as possible given the Group's size and the constitution of the Board, to comply with the principles of best practice as set out in the combined code on corporate governance published by the UKLA.

The Board has appointed an Audit Committee, consisting of the Chairman and Craig Campbell. The Audit Committee will meet at least twice annually and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditors and reviewing their reports in relation to the accounts and internal control systems.

The Board has appointed a Remuneration Committee which again consists of the Chairman and Craig Campbell. The Remuneration Committee is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration and the basis of their service contracts bearing in mind the interests of shareholders. The Remuneration Committee will also determine the allocation of share options to employees.

Given the size of the Company, the full Board of Directors will act as the Nomination Committee responsible for considering changes in the Board's composition and membership.

PART II

RISK FACTORS

Investors should be aware of the risks associated with an investment in the Company. The following list of risks is not intended to be exhaustive. In particular, prospective investors should consider the following:

Retention of Key Employees

The Group depends on its management and sales team. The departure from the Company of any executive Director or certain senior employees could, in the short term, have a materially adverse effect on the Company's business. Whilst the Company has entered into service agreements or contracts of employment with the Joint Managing Directors (each of whom has a significant shareholding in the Company) and senior employees with the aim of securing their services, the retention of their services cannot be guaranteed. Conditional upon Admission the Directors intend to take out key man insurance for the Joint Managing Directors.

Continuation of commercial relationships.

The success of the Company's business is, and will continue to be, largely dependent upon the continuation of commercial relationships with its clients. There can be no guarantee that these will continue satisfactorily, or that its clients will not seek alternative suppliers. All venues using the Company's services are issued with a contract relating to the terms and conditions applicable to the provision of such services. Presently a number of these contracts remain unsigned or are still under negotiation.

Sale of shopping centres

Shopping centres are investment vehicles and, as such, are bought and sold on a regular basis. Owners of established venues which are currently utilising the SpaceandPeople service could renegotiate current contracts or indeed terminate them.

Competition

It is possible that companies other than the Company may have projects which are not known to the Company, and which could render the Company's services less competitive or obsolete. New entrants may emerge and competitors may develop more effective and more cost-competitive services than, or may produce products superior to, those of the Company.

Rates

It is possible that local authorities may apply a rateable value to short term promotional space which would affect smaller centre operators and retailers.

New tenants

New tenants in shopping centres may seek to impose exclusion clauses in their leases to prevent promoters/advertisers or retailers operating outside their stores.

Risks related to acquisitions

Should the Group seek to grow by corporate or business acquisitions, these may result in the need for significant amounts of cash, dilutive issues of equity securities and/or the incurrence of debt, any of which could materially and adversely effect the Group's business, results of operations, financial condition or the market price of the Ordinary Shares. In addition, acquisitions may lead to assimilation problems with the consequent diversion of management's attention from other business concerns. Whilst there are currently no commitments or agreements with respect to any acquisition, there can be no assurance that the Group's business, results of operations or financial condition would not be materially affected if such an acquisition does occur.

AIM-Quoted Investment

The market for shares traded on AIM may be less liquid and carry a higher risk than the market for shares listed on the Official List. Consequently, the share price may be subject to greater fluctuation than the price of officially listed shares and the Ordinary Shares may be difficult to buy and/or sell.

Suitability

An investment in Ordinary Shares may not be suitable for all recipients of this document. Before making an investment decision, potential investors are accordingly advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature.

PART III

ACCOUNTANTS' REPORT ON THE GROUP

Robb **Ferguson**
CHARTERED ACCOUNTANTS

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The Directors
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The Directors
ARM Corporate Finance Limited
12 Pepper Street
LONDON
E14 9RP

The Directors
Keith Bayley Rogers & Co Limited
Sophia House
76/80 City Road
LONDON
EC1Y 2BJ

Your ref:

Our ref: RMP/GSA/SPA000

21 December 2004

Dear Sirs

SpaceandPeople plc

Accountants' Report On The Company

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus dated 21 December 2004 of SpaceandPeople plc ("the Company").

Basis of preparation

The financial information set out in this report is based on the audited financial statements of the Company for the three years ended 31 October 2004 and has been prepared on the basis set out below after making such adjustments as we considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The directors of the Company are responsible for the contents of the prospectus dated 21 December 2004 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

We confirm that we, Robb Ferguson of 5 Oswald Street, Glasgow G1 4QR were the auditors of the Company each of the three years ended 31 October 2002, 2003 and 2004.

Basis of opinion

We conducted our work in accordance with the Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the prospectus dated 21 December 2004 a true and fair view of the state of affairs of the Company the dates stated and of its profit/(loss) for the periods then ended.

Consent

We consent to the inclusion in the prospectus of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

Robb Ferguson

ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), and in accordance with UK GAAP.

Turnover

Turnover represents the invoiced value of services provided and commissions earned, net of value added tax.

Patents and trade marks

The cost of obtaining patents and trademarks are written off over the economic life of the asset acquired.

Tangible fixed assets

Depreciation is provided on all tangible assets in use at rates calculated to write off the cost or valuation over the expected useful life of each asset as follows:

Website development costs	–	$33^1/_3$% on cost
Fixtures and fittings	–	25% on cost
Computer equipment	–	25% on cost

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to the Profit and Loss account as incurred.

Website development costs

The company capitalised all costs directly attributable to developing its website, while costs which relate to ongoing maintenance are expensed as they arise.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

PROFIT AND LOSS ACCOUNTS

	Notes	*Year ended 31 October 2002* £	*Year ended 31 October 2003* £	*Year ended 31 October 2004* £
Turnover		363,899	646,591	1,033,723
Administrative expenses		(542,974)	(627,829)	(844,913)
Operating profit/(loss)	1	(179,075)	18,762	188,810
Other operating income		200	2,000	310
Bank interest received		2,840	3,164	7,661
Interest payable		(5,934)	(6,728)	(1,264)
Profit/(loss) on ordinary activities before tax		(181,969)	17,198	195,517
Taxation		–	–	–
Dividends	3	–	–	56,000
Retained profit/(loss) for the year		(181,969)	17,198	139,517

All amounts relate to continuing operations.

There were no recognised gains or losses other than the profit/(loss) for the period.

BALANCE SHEETS

	Notes	*Year ended 31 October 2002* £	*Year ended 31 October 2003* £	*Year ended 31 October 2004* £
Fixed assets				
Intangible assets	4	4,206	2,396	517
Tangible assets	5	50,619	22,023	17,344
Investments	6	–	–	10,002
		54,825	24,419	27,863
Current assets				
Debtors	7	193,706	226,133	321,201
Cash at bank and in hand		123,745	116,733	280,435
		317,451	342,866	601,636
Creditors: amounts falling due within one year	8	(125,432)	(143,234)	(279,273)
Net current assets		192,019	199,632	322,363
Total assets less current liabilities		246,844	224,051	350,226
Creditors: amounts falling due after more than one year	9	(53,333)	(13,342)	–
Net assets		193,511	210,709	350,226
Capital and reserves				
Called up share capital	11	11,200	11,200	112,000
Share premium account	12	623,790	623,790	–
Special reserve	12	–	–	232,809
Profit and loss account	13	(441,479)	(424,281)	5,417
Equity shareholders funds		193,511	210,709	350,226

NOTES TO THE FINANCIAL STATEMENTS

1. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year ended 31 October 2002 £	*Year ended 31 October 2003 £*	*Year ended 31 October 2004 £*
Depreciation – owned assets	36,980	39,079	11,569
Patents and trademarks written off	1,472	1,810	1,879
Auditors' remuneration	950	2,400	3,500
Directors' remuneration and other benefits etc	94,000	110,000	122,100

2. Taxation

No liability to UK corporation tax arose on ordinary activities for the years ended 31 October 2002, 2003 or 2004.

3. Dividends

	Year ended 31 October 2002 £	*Year ended 31 October 2003 £*	*Year ended 31 October 2004 £*
Ordinary – interim (Prior to bonus issue)	–	–	56,000

4. Intangible fixed assets

	Patents and trademarks £
Cost	
At 1 November 2003 and 31 October 2004	5,913
Amortisation	
At 1 November 2003	3,517
Charge for the year	1,879
At 31 October 2004	5,396
Net book value	
At 31 October 2004	517
At 31 October 2003	2,396
At 31 October 2002	4,206

5. Tangible fixed assets

	Website Development costs	*Fixtures and Fittings*	*Computer Equipment*	*Total*
	£	*£*	*£*	*£*
Cost				
At 1 November 2001	88,594	475	6,323	95,392
Additions	–	4,465	18,531	22,996
At 31 October 2002	88,594	4,940	24,854	118,388
Additions	–	1,015	9,468	10,483
At 31 October 2003	88,594	5,955	34,322	128,871
Additions	–	894	5,996	6,890
At 31 October 2004	88,594	6,849	40,318	135,761
Depreciation				
At 1 November 2001	29,531	109	1,149	30,789
Provided during the year	29,531	1,235	6,214	36,980
At 31 October 2002	59,062	1,344	7,363	67,769
Provided during the year	29,532	1,554	7,993	39,079
At 31 October 2003	88,594	2,898	15,356	106,848
Provided during the year	–	1,582	9,987	11,569
At 31 October 2004	88,594	4,480	25,343	118,417
Net book values				
At 31 October 2004	–	2,369	14,975	17,344
At 31 October 2003	–	3,057	18,966	22,023
At 31 October 2002	29,532	3,596	17,491	50,619

6. Fixed Asset Investments

	Year ended 31 October 2004
	£
Cost:	
Additions	10,002
At 31 October 2004	10,002
Net book value:	
At 31 October 2004	10,002

	Year ended 31 October 2002	*Year ended 31 October 2003*	*Year ended 31 October 2004*
	£	*£*	*£*
Unlisted investments	–	–	10,002

No consolidation is required as a result of the investments.

7. Debtors

	Year ended 31 October 2002 £	Year ended 31 October 2003 £	Year ended 31 October 2004 £
Trade debtors	192,508	216,822	312,477
Other debtors	–	5,565	5,565
Prepayments	1,198	3,746	3,159
	193,706	226,133	321,201

8. Creditors: amounts falling due within one year

	Year ended 31 October 2002 £	Year ended 31 October 2003 £	Year ended 31 October 2004 £
Bank loans and overdrafts	2,473	–	8
Bank loans	46,667	39,991	–
Trade creditors	48,088	56,180	154,581
Other taxes & social security	25,904	36,675	88,541
Accruals	2,300	10,388	36,143
	125,432	143,234	279,273

9. Creditors: amounts falling after more than one year

	Year ended 31 October 2002 £	Year ended 31 October 2003 £	Year ended 31 October 2004 £
Bank loan	53,333	13,342	–

The following secured debts are included within creditors:

	Year ended 31 October 2002 £	Year ended 31 October 2003 £	Year ended 31 October 2004 £
Bank overdrafts	2,473	–	8
Bank loans	100,000	53,333	–
	102,473	53,333	8

10. Secured Debts

The company's bankers hold a bond and floating charge for all sums and obligations due or to become due.

11. Called-up share capital

	Year ended 31 October 2002	*Year ended 31 October 2003*	*Year ended 31 October 2004*
	£	*£*	*£*
Authorised:			
15,000,000 Ordinary Shares of 1p each	20,000	20,000	150,000
Allotted, called up and fully paid:			
11,200,000 Ordinary Shares of 1p each	11,200	11,200	112,000

The following shares were allotted as fully paid as a bonus issue out of reserves during the year ended 31 October 2004:

10,080,000 Ordinary Shares of 1p each.

12. Reserves

	Share Premium Account	*Special Reserve*
	£	*£*
Balance at 1 November 2001	474,990	–
Issue of shares	148,800	–
	–	–
Balance at 31 October 2002 and 2003	623,790	–
Transfer to Special Reserves	(333,609)	333,609
Elimination of deficit of Profit & Loss Reserves	(290,181)	–
Bonus issue of shares	–	(100,800)
Balance at 31 October 2004	–	232,809

13. Profit and Loss Account

	£
Balance at 1 November 2001	(259,510)
Loss for the year ended 31 October 2002	(181,969)
	(441,479)
Profit for the year ended 31 October 2003	17,198
	(424,281)
Profit for the year ended 31 October 2004	139,517
Transfer from share preview account	290,181
Balance at 31 October 2004	5,417

Yours faithfully

Robb Ferguson

PART IV

STATUTORY AND GENERAL INFORMATION

1. Incorporation

(a) The Company was incorporated in Scotland on 25 October 2000 as a private limited company under the Act with registered number 212277. The liability of members of the Company is limited.

(b) Following a special resolution dated 29 October 2004 the Company was re-registered as a public limited company on 13 December 2004.

(c) The registered office of the Company is 141 St James Road, Glasgow G4 0LT.

2. Details of Subsidiaries and Associated company

(a) On 17 May 2001 the Company acquired for £1 the entire issued share capital of Promozone Limited being 100 ordinary shares of 1p each. Promozone Limited was incorporated in England and Wales on 17 May 2001 with a registered number of 4218482.

(b) On 1 March 2002 the Company acquired for £1 the entire issued share capital of ISPP Limited being 100 ordinary share of 1p. ISPP Limited was incorporated in England and Wales on 15 February 2002 with a registered number of 4374518.

(c) SpaceandPeople (HK) Limited was incorporated in Hong Kong on 15 September 2004 on behalf of the Company with a registered number of 922968.

All three companies have been dormant since incorporation.

(d) In addition the Company holds 25 ordinary shares of £1 each in Direct Edge (Scotland) Limited which represents 25 per cent. of the issued share capital of that company. The remainder of the issued share capital is held by D Archibald (50 ordinary shares) and Gresham House plc (25 ordinary shares). Direct Edge (Scotland) Limited carries on business as a call centre.

3. Share Capital

(a) On 31 October 2003 the Company's authorised share capital was £20,000 divided into 2,000,000 Ordinary Shares of 1p each of which 1,120,000 Ordinary Shares of 1p each had been allotted, called up and fully paid.

(b) By an Order of the Court of Session in Scotland dated 27 October 2004 the share premium account of the Company was extinguished and the sum of £623,790 transferred to reserves, and in connection therewith an undertaking was given by the Company to the Court that any sum by which the credit of £623,790 arising in the accounting records of the Company from the cancellation exceeds the deficit on the Company's profit and loss account as at 31 August 2004 will be carried to a special reserve until such time as no creditors as at 27 October 2004 remain unpaid.

(c) By an ordinary resolution passed on 29 October 2004 the Directors were:

(i) authorised to increase the share capital to £150,000 by the creation of an additional 13,000,000 Ordinary Shares of 1p each;

(ii) empowered pursuant to Section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £138,800 to expire on 29 October 2009; and

(iii) sanctioned to capitalise an amount standing to the credit of the Company's special reserve account equal to nine times the aggregate nominal value of the ordinary shares of 1p each in the capital of the Company in issue at the close of business on 29 October 2004

and accordingly the Directors were authorised to appropriate such sum to the members in the same proportions in which such sum would have been divisible amongst them if it were distributed by way of dividend and to apply such sum on their behalf in paying up in full new ordinary shares of 1p each ("the Bonus Shares") and to allot such shares credited as fully paid to those members in the proportion of nine Bonus Shares for each existing ordinary share and so that such Bonus Shares shall rank *pari passu* in all respects with the existing ordinary shares.

(d) By a special resolution passed on 29 October 2004 the Directors were authorised and empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) as if Section 89(1) of the Act did not apply to any such allotment, save that the Directors be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry, provided that such power shall be limited to:

1. the allotment of equity securities for cash up to an aggregate nominal value of £2,000 prior to 31 January 2005;
2. the allotment of equity securities for cash up to an aggregate nominal value of £176 in connection with options granted under the EMI Option Scheme; and
3. in addition to the authority granted by (1) above, the allotment of equity securities for cash up to an aggregate nominal value of £560 (representing five per cent. of the Company's issued ordinary share capital prior to the issue of the Bonus Shares referred to in sub-paragraph (f) below).

Such authority expires at the conclusion of the next annual general meeting of the Company or on 28 January 2006 (if earlier).

(e) On 29 October 2004 an interim dividend of 5p for each Ordinary Share then in issue (prior to the issue of the Bonus Shares referred to in sub-paragraph (f) below) was declared out of the profit and loss account of the Company.

(f) Pursuant to the authority granted to them at the extraordinary general meeting of the Company on 29 October 2004 the Directors allotted and issued by way of Bonus Shares 9 new Ordinary Shares of 1p each credited as fully paid for each Ordinary Share held on 29 October 2004.

(g) The following table shows the authorised and issued share capital of the Company as at the date of this document and as it will be immediately following the Placing:

	As at the date of this document		*Following the Placing*	
	Number	*Amount*	*Number*	*Amount*
Authorised	15,000,000	£150,000	15,000,000	£150,000
Issued and fully paid	11,200,000	£112,000	11,400,000	£114,000

(h) Save as provided in this paragraph 3, the provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to Section 95 of the Act, confers on the shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company.

(i) Save as disclosed in this document and save for the issue of the Placing Shares and any shares to be issued pursuant to the EMI Option Scheme referred to in paragraph 5 below:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or is now proposed to be issued fully or partly paid either for cash or for consideration other than in cash;

(ii) except pursuant to the Placing Agreement referred to in paragraph 10 below no commission brokerage discount or other special term has been granted by the Company or any of its subsidiaries or is now proposed in connection with the issue or sale of any of its share or loan capital; and

(iii) save as set out in this document, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(j) Following the Placing and taking into account all options granted by the Company 3,437,000 Ordinary Shares will remain unissued and save as provided for in this document no material issue of Ordinary Shares will be made (other than to shareholders pro rata to existing holdings) and no issue of Ordinary Shares will be made which would effectively alter the control of the Company and no change will be made to the nature of its business without in each case the prior approval of the shareholders in General Meeting.

4. Directors' and Other Interests

(a) The interests of the Directors (all of which are beneficial) and of all such persons connected (within the meaning of Section 346 of the Act) with the Directors in the issued share capital of the Company, as notified to the Company under the provisions of Sections 324 or 328 of the Act, assuming the Placing in full, as shown, or as will be shown, in the register of interests required to be maintained under the provisions of Section 325 of the Act, are set out in the table below:

Name	Number of Existing Shares	Percentage of Existing Shares	Number of Ordinary Shares following Admission	Percentage of Ordinary Shares following Admission
J J Arnold	70,000	0.6	70,000	0.6
M J Bending	2,225,000	19.9	2,025,000	17.8
N J Cullen	2,225,000	19.9	2,025,000	17.8
C L Campbell	–	–	–	–

(b) Save as disclosed in this document and as shareholders of the Company, none of the Directors has or has had any direct or indirect interest in any assets which during the period from incorporation of the Company to the date of this document, have been acquired, disposed of by or leased to the Company or are proposed to be acquired, disposed of by or leased to the Company.

(c) At the date of this document the Directors are aware of the following other shareholders who are beneficially interested in Ordinary Shares amounting to 3 per cent. or more of the issued share capital of the Company in addition to those set out in paragraph 4(a) above:

	Number of Shares	Percentage of Existing Shares	Percentage of Ordinary Shares following Admission
R C Flint	490,000	4.4	4.3
Gresham House Plc	1,587,500	14.1	13.9
Welsh Industrial Investment Trust Plc	1,350,000	12.1	11.8
A P Stirling	700,000	6.3	6.1
Gresham House No. 1 Pension Scheme	1,150,000	10.3	10.1

(d) Save as set out in sub-paragraphs (a) and (c) above, the Directors are not aware of any person who is, or will be, entitled to control the exercise of 10 per cent. or more of the total votes available to be cast on all matters at general meetings of the Company.

(e) The aggregate remuneration and benefits in kind (including pension contributions) paid or granted to the Directors for the year ended 31 October 2004 was £132,808. For the current financial year to 31 October 2005, the estimated aggregate of such payments is £138,300.

(f) No loans are outstanding from the Company to any of the Directors nor has any guarantee been provided by the Company for the benefit of the Directors.

(g) Set out below is information relating to each Director in respect of partnerships or directorships (apart from the Company and its subsidiaries) which they have held over the previous five years and brief details of companies in receivership or liquidation where they were directors at the time or within twelve months preceding such events. Save as disclosed in this paragraph, no Director has any unspent convictions nor has any Director been the subject of any public criticisms by statutory or regulatory authorities or bankruptcy proceedings or individual voluntary arrangements.

Name	*Current Directorships*	*Past Directorships*
J J Arnold	MotionPoster Plc (in CVA) Sweet Disorder Limited Butts Enterprises Limited Butts Enterprises (Guernsey) Limited	Poster Partnerships Limited Motionposter Sales Limited Westminster Scaffolding Holdings Limited Postermotion Limited Media Service GmbH
M J Bending	The Finance Channel Limited	None
N J Cullen	None	None
C L Campbell	Strathclyde University Incubator Limited Garth Associates Limited Garth Associates (Management Services) Limited	Murgitroyd & Company Management Services Limited

In addition to the approval of creditors and shareholders of Motionposter Plc to enter into a Creditors Voluntary Arrangement on 3 November 2003 two subsidiaries, The MotionPosters Company Limited and Evtacon Productions Ltd went into liquidation on 29 November 2002 and 17 March 2003 respectively. Mr Arnold was a director of both of these companies at that time. Neither company has yet been dissolved.

In addition Mr Arnold was a director of Butts Enterprises Limited, a private family company, which went into liquidation on 7 April 2004 primarily as a result of non-payment of a sum of £89,215 due to it by Motionposter Plc.

5. Options

The principal features of the EMI Option Scheme are as follows:

Introduction

The EMI Option Scheme provides for eligible employees to be granted options to acquire Ordinary Shares at the discretion of the Directors.

On 8 March 2004 options were granted to four members of staff over 3,600 Ordinary Shares. These options may be exercised at a price of 125p per share within a period from 8 March 2007 to 7 March 2011 on which date they expire. Since 8 March 2004 (i) one employee has left and 800 options cancelled and (ii) as a result of the issue of Bonus Shares as detailed in paragraph 3(f) above the number of Ordinary Shares subject to this grant has been increased to 28,000 and the exercise price reduced to 12.5p.

On 27 September 2004 options were granted to ten members of staff over 13,500 Ordinary Shares. Options in respect of 12,000 Ordinary Shares may be exercised at a price of 150p per share and options in respect of 1,500 Ordinary Shares may be exercised at a price of 500p per share both within a period from 27 September 2007 to 26 September 2011 on which date they expire. Again as a result of the issue of Bonus Shares as detailed in paragraph 3(f) above the number of Ordinary Shares subject to this grant has been increased to 120,000 and 15,000 respectively and the exercise price reduced to 15p and 50p respectively.

Eligibility

Executive Directors and employees of the Company or any subsidiary who work at least 25 hours per week or, if less, 75 per cent. of their "working time", will be eligible. Participation will be at the discretion of the Directors. Options cannot be granted, nor exercised, by any person (or any person with one or more associates) who has a material interest in the Company.

Individual Limit on Participation

Options cannot be granted where to do so would cause the aggregate market value of shares which can be acquired by any individual under the EMI Option Scheme at the date of grant to exceed £100,000.

Grant periods

Options may be granted at any time at the discretion of the Directors.

Exercise

Participants will be able to exercise their options and acquire shares at a price which will be fixed by the Directors when the option is granted, and which may not be less than the greater of (i) the market value of an Ordinary Share on the date of grant, or (ii) their nominal value.

An option under the EMI Option Scheme may not normally be exercised earlier than 3 years nor later than 7 years after its grant. Special provisions will apply in the event of a takeover where an option may be exercised within 6 months from the date on which the person making the offer obtains control.

Options will normally lapse if an option holder ceases to be employed by the Group. Special provisions will apply if an option holder dies after having ceased to hold employment within the Group but before the option has lapsed. In these circumstances options may be exercisable by the option holders' personal representative within one year from the date of death.

Non-transferability of options

All options will be non-transferable.

Variation of Capital

In the event that the ordinary share capital of the Company is varied by way of capitalisation, or rights issue, sub-division, consolidation or reduction or there is declared a special dividend or there occurs a demerger or any other event which might affect the value of the option, the Directors will make such adjustments as they consider appropriate to the aggregate number or amount of shares subject to any option and to the exercise price payable for each share under such option.

Amendments

The Company and the option holder may at any time, by execution of a deed, alter or add to any of the provisions of the option agreement provided such alterations have been approved by the Directors by way of resolution.

6. Directors' Service Contracts and Emoluments

The following service contracts have been entered into by the Directors and the Company:

A Service Agreement dated 21 December 2004 between the Company (1) and M J Bending (2) where under Mr Bending is employed as Joint Managing Director for the period to 1 January 2006 and thereafter until terminated by either party upon 6 months' notice. Mr Bending's current annual salary amounts to £60,400 reviewable annually.

A Service Agreement dated 21 December 2004 between the Company (1) and Ms N J Cullen (2) where under Ms Cullen is employed as Joint Managing Director for the period to 1 January 2006 and thereafter until terminated by either party upon 6 months' notice. Mrs Cullen's current annual salary amounts to £60,400, reviewable annually.

Each of the Non-executive Directors has entered into a letter of appointment with the Company for the period until each of them come up for re-election as a director in accordance with the articles of association of the Company.

Save as set out above, there are no service or consultancy agreements between any Director and any member of the Group which do not expire or cannot be determined within 6 months, and no such contracts are proposed.

7. Memorandum and Articles of Association

(a) The Company's memorandum of association includes within its objects clause the carrying on business as a general commercial company. The objects of the Company are set out fully in clause 3 of the memorandum of association. The liability of members is limited.

(b) The articles of association, as adopted by the Company on 29 October 2004, may be summarised as follows:

(i) *Shares*

Subject to the Act and any resolution of the Company in general meeting the Directors have unconditional authority, for the purposes of Section 80 of the Act, to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined by Section 80(2) of the Act) of the Company to such persons at such times and generally on such terms and conditions as the Directors may determine.

(ii) *Dividends*

Subject to relevant statutory provisions, and to the rights attaching to any class of shares, the holders of the Ordinary Shares are entitled, *pari passu* amongst themselves, to the profits of the Company available for distribution and resolved to be distributed according to the amounts paid up on the Ordinary Shares held by them provided that no dividend shall be declared in excess of the amount recommended by the Board. Interim dividends may be paid if profits are available for distribution and if the Board so resolve.

(iii) *Return of Capital*

On a winding up of the Company, a liquidator may, subject to the sanction of a special resolution of the Company and any other sanction required by statute, divide amongst the members the balance of the assets available for distribution and determine how such divisions shall be carried out between members.

(iv) *Voting*

On a show of hands at any general meeting every member who is present in person shall have one vote and on a poll every such member who is present in person or by proxy shall have one vote for every share held by him. A corporate member may authorise a person to act as its representative at general meetings and such person shall be entitled to exercise such powers as the corporate member could exercise if it were an individual member.

(v) *Restrictions on Voting*

A member of the Company shall not, if the directors so determine, be entitled to attend or vote, or to exercise rights of membership as aforesaid, if he or any other person appearing to be interested in such shares has failed to comply with a notice given under Section 212 of the Companies Act 1985 within 14 days from the date of service of such notice.

(vi) *Record Dates and Unclaimed Dividends*

The Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time after any date on which such dividend, distribution, allotment or issue is declared, paid or made. Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

(vii) *Modification of Class Rights*

Subject to the statutory provisions, any rights attaching to any class of share in the Company may be modified, abrogated or varied in any manner with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class.

(viii) *Transfer*

All transfers of shares must be effected by an instrument of transfer in the usual common form or in any other form acceptable to the Directors and must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of them. The Directors have a discretion to refuse to register a transfer of any share which is not fully paid without giving a reason but must provide the transferee with a notice of the refusal within two months, provided that the Directors shall not refuse to register any transfer or renunciation of partly paid shares which are listed on The London Stock Exchange, or traded on any recognised stock exchange or OFEX on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

The Directors may subject to the provision of the articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under Section 212 of the Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days.

(ix) *Alteration of Capital*

The Company may alter its share capital as follows:

(a) by ordinary resolution, it may increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person; and

(b) by special resolution and subject to the statutory provisions, it may reduce its share capital, any capital redemption reserve or any share premium account in any manner.

Subject to the extent permitted by the Act and, if applicable, by the Rules of the London Stock Exchange or any relevant recognised stock exchange or OFEX, the Company may purchase any of its own shares.

(x) *Directors*

(a) Unless altered by ordinary resolution of the Company, the minimum number of directors of the Company is two and the maximum is six.

(b) The aggregate fees paid to the directors for their services in the office of director in addition to any remuneration payable to a director as the Board may in its discretion determine by reason of his appointment to any executive office or payable to a director who performs services which, in the opinion of the directors, go beyond the ordinary duties of a director shall not exceed £40,000 per annum or such higher amount as may be determined by ordinary resolution of the Company.

(c) At each annual general meeting of the Company one-third of the directors who are subject to retirement by rotation (or, if their number is not three or a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation. A person shall not be prevented from being appointed a director and shall not be required to vacate the office of director, by reason only of the fact that such person has attained the age of 70 years. A director shall not be required to hold any shares in the Company.

(xi) *Directors' Interests*

Save as provided in the articles, a Director shall not vote or be counted in a quorum at a meeting in relation to any resolution concerning any contract, arrangement or transaction in which he is to his knowledge materially interested.

(xii) *Borrowing Powers*

Save as provided in the articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital and to create and issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowing of the Company so that the aggregate amount at any one time outstanding in respect of monies borrowed by the Company (exclusive of intra-Group borrowing and after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceeds a sum equivalent to four times the adjusted total of the share capital and the consolidated reserves or the amount of £1 million whichever shall be the higher.

8. Financial Information

The financial information contained in this document with regard to the Company does not constitute full accounts within the meaning of Section 240 of the Act. Audited accounts of the Company for the three years ended 31 October 2004 have been delivered to Companies House. In each case the auditors have made reports under Section 235 of the Act in respect of each set of accounts. In each case the audit report was unqualified and did not include any comment under Section 237(2) of the Act.

9. Working Capital

The Directors are of the opinion, having made due and careful enquiry and taking into account the estimated net proceeds of the Placing, that the working capital available to the Company and its subsidiaries is sufficient for its present requirements, that is for at least twelve months from the date of Admission.

10. The Placing

By an agreement dated 21 December 2004 between the Company (1), ARMCF (2), KBR (3) and the Directors (4) (the "Placing Agreement") KBR has agreed, subject to the conditions referred to below, as agent for and on behalf of the Company to use its reasonable endeavours to procure persons to subscribe for all of the Placing Shares and to purchase all of the Sale Shares, in each case at 50p per share.

The obligations of KBR and ARMCF under the Placing Agreement are conditional, *inter alia*, upon Admission occurring on or before 31 December 2004 or such later time or date as the Company, ARMCF and KBR may agree but in any event not later than 7 January 2005.

The Placing Agreement provides for the Company to pay to KBR a fee of £15,000 plus value added tax together with a commission up to 5 per cent. on the value of the Placing Shares allotted to Placees.

In order to ensure that the purchasers of the Sale Shares do not pay more for such shares than the purchasers of the Placing Shares, Matthew Bending and Nancy Cullen have undertaken to be responsible for all placing commission and stamp duty relating to the Sale Shares amounting to an aggregate of £11,000.

The Placing Agreement also contains certain warranties and indemnities given by the Company and the Directors in favour of ARMCF and KBR as to the accuracy of the information contained in this document and other matters relating to the Company and its business under which the liability of the Company is unrestricted but the liability of the Directors is restricted to an aggregate of £316,000. The liability of each of Matthew Bending and Nancy Cullen is limited to £150,000 and that of Jeremy Arnold is £10,000 and of Craig Campbell to £6,000.

The obligations of ARMCF and KBR under the Placing Agreement may be terminated in certain circumstances if there occurs either a material breach of any of the warranties or a change in the national or international, financial, economic, market or political conditions and/or any financial position or prospects of the Company. Such rights exist in the event that such circumstances arise prior to Admission.

The Company has agreed to pay costs, charges and expenses connected with the Placing , including all fees and commissions payable in connection with Admission, the expenses of the Registrar, printing and advertising expenses, postage and all legal, accounting and other professional fees and expenses.

11. Material Contracts

During the course of the last two years the following contracts have been entered into which are or may be material and which are outside the ordinary course of business of the Company:

(i) The administrative services contract with Strathclyde Incubator;

(ii) The Placing Agreement dated 21 December 2004 made between the Company (1), ARMCF (2), KBR (3) and the Directors (4);

(iii) An Agreement dated 21 December 2004 whereby the shareholders agreement dated 8 January 2001 made between SpaceandPeople Limited (1), Gresham House plc (2), Watlington Securities Limited (3) and the Founder Shareholders (as defined therein) (4) was terminated by mutual consent;

(iv) An agreement dated 6 December 2004 between the Company and ARMCF whereby ARMCF has agreed to act as Nominated Adviser to the Company on and following Admission; and

(v) An agreement dated 6 December 2004 between the Company and KBR whereby KBR has agreed to act as broker and placing agent to the Company on and following Admission.

12. United Kingdom Taxation

12.1 **Dividends and Other Distributions**

Dividends paid will carry an associated tax credit currently at the rate of one-ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and the associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax (if at all) on the aggregate of the dividend and the tax credit at the Schedule F ordinary rate (currently 10 per cent.) or the Schedule F upper rate (currently 32.5 per cent.).

The effect will be that, taxpayers who are otherwise liable to tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of an amount currently equivalent to 25 per cent. of the amount of the dividend. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A United Kingdom resident corporate shareholder is not liable to corporation tax or income tax in respect of dividends received from the Company.

Trustees of discretionary trusts liable to account for income tax at the rate applicable to trusts on the trust's income are required to account for tax at the Schedule F trust rate of currently 32.5 per cent.

Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

12.2 **Taxation of Capital Gains**

Depending on their personal circumstances, UK resident ordinary shareholders may be subject to capital gains tax or, in the case of corporate shareholders, corporation tax on capital gains in respect of any gain arising on a transfer or disposal of their Ordinary Shares unless the Shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such. For UK resident individual Shareholders taper relief may be available to reduce the amount of the gain chargeable to tax. The availability and rate of taper relief will depend on the period of ownership and on whether the Ordinary Shares are held as business assets or non-business assets.

Under current legislation Ordinary Shares will normally be held as business assets for the period from 6 April 2000. Business assets held for less than one whole year will not qualify for taper relief. The maximum taper relief (75 per cent.) on business assets is achieved after four whole years for disposals after 5 April 2000 and before 6 April 2002 and after two whole years for disposals from 6 April 2002. Where shares were acquired before 6 April 2000 it may be necessary to time apportion the chargeable gain to arrive at the correct amount of taper relief.

Gains on disposals of Ordinary Shares, together with other gains less allowable losses in a fiscal year, are subject to tax at the individual's marginal rate to the extent that they exceed the annual exempt amount, being £8,200 for the tax year 2004/2005.

For corporate Shareholders, indexation allowance may be available to reduce the amount of any chargeable gain.

Non-UK resident ordinary shareholders (other than those carrying on a trade in the UK through a branch or agency and holding the Placing Shares in connection with a UK trade) will not normally be liable to UK taxation of capital gains in respect of any such disposals.

12.3 **Enterprise Investment Scheme ("EIS')**

The EIS is designed to encourage, through the availability of certain tax reliefs to investors, investment in qualifying, unquoted trading companies through the subscription of ordinary shares in such companies.

(a) The principal tax reliefs currently available to each individual are:

- income tax relief equal to 20 per cent. of the amount subscribed for the qualifying EIS investment (up to a maximum aggregate amount for all qualifying EIS investments made in any one year of £40,000, i.e. 20 per cent. of £200,000 or the actual income tax liability of the investor for the year if this is lower) may be set off, on a pound for pound basis, against the investor's income tax liability for the tax year in which those shares are issued to him, thus potentially reducing the effective initial cost of investment to 80 per cent. of the sum invested;
- provided a qualifying EIS investment is held for at least three years and income tax relief is not withdrawn or reduced, it is exempt from capital gains tax on its first disposal;
- a subscription for EIS shares may also entitle the individual investor to Capital Gains Tax Deferral Relief (see below), in which case an individual investor paying tax at the higher rate may qualify for income tax relief of 20 per cent. and capital gains deferment of 40 per cent., totaling 60 per cent. of the investment up to the maximum subscription for which income tax relief is available, currently £200,000. Any excess invested over this sum will qualify for capital gains tax deferment if applicable; and
- if the qualifying EIS investment fails or is sold at less than cost, Loss Relief (see below) should be available on the net loss against the Investor's taxable income or capital gains. For the purposes of such Loss Relief, the loss incurred will be reduced by the amount of EIS income tax relief given, which has not been withdrawn.

(b) *Availability of Tax Certificates*

If applicable, a formal application for EIS qualifications will be made once the Placing Shares have been issued. Provided such application is successful an EIS 2 form will then be issued by the Inland Revenue to the Company and an EIS 3 form will be issued by the Company to relevant investors to enable them to claim their tax relief. It is the Company's intention to remain a qualifying company, as defined, for the three year period, to ensure that any EIS relief given to shareholders is not put at risk. Subject to the above, the Directors consider that qualifying individuals subscribing for Placing Shares should be able to obtain EIS income tax relief within the EIS limits in respect of the year ended 5 April 2005 on the amounts subscribed for the Placing Shares provided they continue to satisfy the statutory conditions and the Company continues to be a qualifying company. Eligibility for relief will depend on individual investors' circumstances.

(c) *CGT Deferral Relief*

If the Company is a qualifying company for EIS and CGT Deferral Relief purposes, the subscriptions for Placing Shares by an individual will be considered as a qualifying investment for CGT Deferral Relief purposes irrespective of whether EIS income tax relief is claimed by the individual in respect of such subscription. Where individuals have made a chargeable gain on the disposal of any asset in the period of three years before and twelve months after investment in qualifying shares, they should be eligible to claim deferment of some or all of the gains against the subscription for the Placing Shares under the CGT Deferral Relief provisions, provided, that the Company continues to satisfy the relevant statutory requirements.

The deferred gain would then crystallise when the Placing Shares were sold or when the Company ceased to satisfy the conditions for relief if earlier. It should be noted that, for CGT Deferral Relief purposes, a subscription for shares in the Company cannot be used to defer a gain on the disposal of other shares in the Company.

CGT Deferral Relief, unlike EIS income tax relief, is available to certain trustees.

(d) *Loss Relief*

If an investor is an individual or an investment company, relief for losses (in the case of individuals, after taking into account any EIS income tax relief given and not withdrawn) incurred by that investor on disposal of the qualifying shares should in principle be available under Sections 573 to 576 of the Taxes Act, against income of the same or previous year. This relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

12.4 **Inheritance Tax -Business Property Relief**

Unquoted ordinary shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up 100 per cent. exemption from inheritance tax. Therefore where an investor makes a lifetime gift of shares or dies while still the owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death. Investors should note that a gift of shares within three years of their issue could lead to a clawback or denial of EIS tax reliefs.

12.5 **Stamp Duty and Stamp Duty Reserve Tax**

No stamp duty or stamp duty reserve tax will be payable on the issue of the Placing Shares unless the subscriber is a person to whom the depository receipt or clearance service charges to stamp duty or stamp duty reserve tax may apply (in which case a rate of 1.5 per cent. of the value of the consideration will be applicable). The transfer of shares of any class in the Company will, subject to any applicable exceptions, be liable to ad valorem stamp duty at the rate of 50p for every £100 (or part thereof) of the consideration paid. An agreement to transfer such shares, if not completed by a duly stamped transfer upon the date of such an agreement becomes unconditional, will be subject to stamp duty reserve tax generally at the rate of 0.5 per cent. of the consideration paid. Liability to pay any stamp duty or stamp duty reserve tax is that of the transferee or purchaser.

These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade. The above is a summary of the general nature of the reliefs available and should not be construed as constituting advice.

If shareholders are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional adviser.

13. Minimum Amount

In the opinion of the Directors the minimum amount that must be raised for the purposes set out in paragraph 21 of Schedule 1 to the Public Offer of Securities Regulations 1995 is £100,000 which will be applied as follows:

(a)	Purchase of property	£Nil
(b)	Preliminary expenses and expenses of the Placing and Admission	£100,000
(c)	Repayment of any money borrowed by the Company in respect of any of the foregoing matters	£Nil
(d)	The balance, after payment of the sums described above, in respect of working capital	£Nil

14. Litigation

The Group is not engaged in any legal or arbitration proceedings, active or (so far as the Directors are aware) pending or threatened against, or being brought by, the Group or any member of the Group which have had or may have a significant effect of the Group's financial position.

15. General

(a) Save as disclosed in this document there has been no significant change in the financial or trading position of the Company nor any significant recent trends concerning the Company's business since 31 October 2004, the date to which the latest published audited accounts of the Company were prepared.

(b) The Company's accounting reference date is 31 October.

(c) A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales and Scotland in accordance with Regulation 4(2) of the Public Offers of Securities Regulations 1995.

(d) Save as disclosed in this document no person (excluding the professional advisers mentioned in this document and trade suppliers) has received, directly or indirectly, from the Company within twelve months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after the date of this document fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of this document.

(e) The auditors of the Company are Robb Ferguson, 5 Oswald Street, Glasgow G1 4QR.

(f) The Company maintains insurance cover for directors and officers against liabilities which may attach to them by reason of their office.

(g) The total expenses of or incidental to Admission and the Placing (assuming all the Placing Shares are issued) which are payable by the Company (including professional fees, printing, advertising costs and amounts payable under the Placing) are estimated to amount to approximately £100,000 (exclusive of VAT). The total costs relating to the Sale Shares, being commission and stamp duty, amount to £11,000 and are payable by each of M J Bending and N J Cullen in proportion to the number of Sale Shares being sold by each of them.

(h) The Placing Price represents a premium of 49p over the nominal value of 1p for each Placing Share. The premium on the Placing as a whole amounts to £98,000.

(i) It is expected that CREST accounts will be credited on 31 December 2004 and the certificates in respect of the Ordinary Shares will be despatched on 7 January 2005.

16. Consents

(a) Robb Ferguson accepts responsibility for its report set out in Part III of this document and have given and not withdrawn its written consent to the inclusion of its report in the form and context in which it appears.

(b) KBR has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.

(c) ARMCF has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.

17. Documents

Copies of the following documents will be available for inspection during any normal business hours on any weekday (public holiday excepted) at the offices of Stallard, 37 Jewry Street, London EC3N 2ER and at the Registered Office of the Company from the date of this document to the date one month following Admission.

(a) The Memorandum and Articles of Association of the Company.

(b) The material contracts referred to in paragraph 11 above.

(c) The service and other agreements referred to in paragraph 6 above.

(d) The EMI Option Scheme documents.

(e) The written consents referred to in paragraph 16 above.

(f) The report of Robb Ferguson set out in Part III of this document.

(g) The audited accounts of the Company for the three years ended 31 October 2004.

Date 21 December 2004

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