

SpaceandPeople plc

9 September 2013

**SpaceandPeople plc
("SpaceandPeople" or the "Group")**

Interim Results for the 6 months to 30 June 2013

SpaceandPeople (AIM:SAL), the international experiential marketing and media group which facilitates and manages the sale of promotional and retail merchandising space in shopping centres and other high footfall venues, announces interim results for the six months ended 30 June 2013.

Highlights

- Group gross revenues up 46% to £18.2m (2012: £12.5m)
- Group net revenues up 29% to £6.66m (2012: £5.15m)
- Group operating profit up 50% to £657k (2012: £437k)
- Group profit before taxation up 60% to £613k (2012: £382k)
- Basic earnings per share up 74% to 2.45p (2012: 1.41p)
- Cash net of bank debt up £1,725k to £808k (2012: £(917k))
- Launched S&P+ to further develop our experiential marketing offering

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Chief Executive's Interim Operating Statement

With net revenue increasing by 29% and operating profit increasing by 50%, the first half of 2013 has been a strong period for the Group. Most areas of the business have performed significantly better than they have done in the past and cash balances were better than anticipated. We have continued to benefit from our long term investment in key areas and have further consolidated our new business wins from 2012 as well as working hard to secure new contracts and opportunities.

The temporary retail environment is always challenging, however, we believe that it is primed for further growth as shopping centres reposition themselves not only as retail venues, but as social and leisure destinations. Moreover we believe that the trend towards multi channel retailing creates a huge opportunity for SpaceandPeople. Our geographic distribution and ability to rapidly deploy retailing units, allows us to participate and lead in the 'popup shop' revolution

During the first half of 2013, S&P+ was launched as an experiential production brokerage with the aim of supporting agencies in the delivery of experiential marketing campaigns. This has been extremely well received by venue owners, media agencies and brands and has already delivered experiential campaigns for a number of major brands as well helping to drive growth in our existing brand promotion business which has experienced 57% growth in net revenue compared with the same period last year.

Financial Performance

Net revenue for the first half year was £6.66m which was an increase of 29% compared with the first half of 2012. Operating profit increased by 50% to £657k with the operating profit margin increasing to 9.9% (2012: 8.5%). Profit before tax in the half year increased by 60% to £613k (2012: £382k) and taxation of £186k on this profit is at an effective rate of 30% as a result of a material proportion of Group profits being generated in Germany where corporation tax rates are higher than in the UK. Profit after tax increased by 55% to £427k, with basic earnings per share increasing by 74% to 2.45p and fully diluted earnings per share increasing by 71% to 2.19p.

The Group cash position at the half year end was £1,795k, being £224k lower than at the previous year end. This decrease was due to operating cash inflows being offset by £349k of corporation tax instalments, £236k of investment in property plant and equipment and £677k of dividends having been paid out in the first half of the year. The Group also reduced its bank loans by £213k during the first half year. As is usual for the Group, we expect to return to a positive cash inflow in the second half of the year.

Operations

The year on year increase in net revenue of 29% was again mainly as a result of growth in the German businesses. The promotions business in Germany increased net revenue in the period by 91% to £1,098k. With the promotions business of the MEC Metro portfolio being won at the end of 2012, from a standing start the German promotions team has delivered over £1.2million of gross sales on this portfolio in six months. The team has also been working hard on expanding our client base further and are in negotiations with a number of other property groups at present.

The German retail business increased its revenue by 81% to £1,244k as the roll-out of Mobile Kiosks into further ECE managed shopping centres throughout Germany continued. Since the German retail business started to install Mobile Kiosks in late 2010, it has grown to the point where they currently have over 100 Kiosks in operation. There is a tremendous reservoir of demand for this service from property owners, retailers and consumers and initial growth has been strong. However, further growth in the second half of 2013 will be slower as we expand into new areas of the country that are more remote from our main office and where logistics and local government approval processes are creating delays as we come into the important Christmas trading period. We anticipate ending the year with between 120 and 130 Kiosks in operation.

UK promotional net sales increased by 33% to £1,789k as income from the Land Securities and Intu agreements were included in the half year results for the first time as well as our performance on all of our other major portfolios exceeding expectations.

We have experienced significant growth in most areas of our business, however, revenue and operating profit in our UK retail operations fell by 13% to £2,212k and 27% to £438k respectively as a result of new "clear mall" strategies being implemented by some of our customers. These plans were well known to us and we have been working closely with them in the lead up to this being implemented to ensure that our product offer is adapted to their future needs and was accounted for in our budgeting and strategic planning for this year. This may be a policy that other venue owners adopt and we have recently launched a new portfolio of mall furniture based upon bespoke kiosks, pop-up shops and enhanced levels of service to ensure we remain at the forefront in this area.

Overall

Overall, this has been a strong and successful start to 2013 and I am confident that we have continued this momentum into the second half of the year. There are always challenges to be faced, but we aim to be quick enough and creative enough to address these and present new services to the market. We are all excited by the opportunities that pop-up retail offers centres whether in the form of Mobile Kiosks, Fixed Kiosks or shop units.

Matthew Bending
6 September 2013

Independent Review Report to SpaceandPeople plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2013 which comprises, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting, as adopted by the European Union.

Review work performed

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules For Companies.

Campbell Dallas LLP Chartered Accountants & Statutory Auditors

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Renfrew
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Date: 6 September 2013

Consolidated Group Statement of Comprehensive Income

For the 6 months ended 30 June 2013

	Notes	6 months to 30 June '13 (Unaudited) £'000	6 months to 30 June '12 (Unaudited) £'000	12 months to 31 December '12 (Audited) £'000
Revenue	5	6,663	5,148	13,055
Administration expenses		(6,092)	(4,758)	(10,900)
Other operating income		86	47	216
Operating profit	5	657	437	2,371
Finance costs		(44)	(55)	(97)
Profit before taxation		613	382	2,274
Taxation		(186)	(107)	(678)
Profit after taxation		427	275	1,596
Other comprehensive income				
Foreign exchange differences on translation of foreign operations		86	10	(29)
Total comprehensive income for the period		513	285	1,567
Profit attributable to:				
Owners of the Company		477	275	1,654
Non-controlling interests		(50)	-	(58)
		427	275	1,596
Total comprehensive income for the period attributable to:				
Owners of the Company		563	285	1,625
Non-controlling interests		(50)	-	(58)
		513	285	1,567
Earnings per share	13			
Basic		2.45p	1.41p	8.50p
Diluted		2.19p	1.28p	7.78p

Consolidated Group Statement of Financial Position

At 30 June 2013

	Notes	30 June '13 (Unaudited) £'000	30 June '12 (Unaudited) £'000	31 December '12 (Audited) £'000
Assets				
Non-current assets:				
Goodwill	6	8,225	8,198	8,225
Other intangible assets	7	14	14	20
Property, plant & equipment	8	1,444	1,182	1,362
		9,683	9,394	9,607
Current assets:				
Trade & other receivables		4,912	4,106	3,839
Cash & cash equivalents	9	1,795	948	2,019
		6,707	5,054	5,858
Total assets		16,390	14,448	15,465
Liabilities				
Current liabilities:				
Trade & other payables		6,489	4,649	5,069
Current tax payable		126	313	289
Other borrowings		455	848	455
		7,070	5,810	5,813
Non-current liabilities:				
Deferred tax liabilities		10	-	10
Long term loan	10	532	1,017	730
		542	1,017	740
Total liabilities		7,612	6,827	6,553
Net assets		8,778	7,621	8,912
Equity				
Share capital	12	195	194	194
Share premium		4,859	4,822	4,830
Special reserve		233	233	233
Retained earnings		3,364	2,138	3,478
Equity attributable to owners of the Company		8,651	7,387	8,735
Non-controlling Interest		127	234	177
Total equity		8,778	7,621	8,912

Consolidated Group Statement of Cash Flows

For the 6 months ended 30 June 2013

	Notes	6 months to 30 June '13 (Unaudited) £'000	6 months to 30 June '12 (Unaudited) £'000	12 months to 31 December '12 (Audited) £'000
Cash flows from operating activities				
Cash generated from operations		1,250	230	3,001
Interest paid		(44)	(55)	(97)
Taxation		(349)	(50)	(635)
Net cash inflow from operating activities		857	125	2,269
Cash flows from investing activities				
Purchase of intangible assets		-	-	(30)
Purchase of property, plant & equipment	8	(236)	(53)	(424)
Net cash outflow from investing activities		(236)	(53)	(454)
Cash flows from financing activities				
Proceeds from issue of shares		30	6	14
Funding costs on acquisition of subsidiary, net of cash received		-	(168)	(168)
Repayment of bank loan	10	(198)	(191)	(463)
New bank facility received		-	250	235
Dividends paid	11	(677)	(564)	(564)
Net cash outflow from financing activities		(845)	(667)	(946)
(Decrease)/increase in cash and cash equivalents		(224)	(595)	869
Cash at beginning of period		2,019	1,150	1,150
Cash at end of period	9	1,795	555	2,019
Reconciliation of operating profit to net cash flow from operating activities				
Operating profit		657	437	2,371
Amortisation of intangible assets		6	12	36
Depreciation of property, plant & equipment		154	119	310
Effect of foreign exchange rate moves		86	10	(29)
(Increase)/decrease in receivables		(1,073)	(722)	(497)
Increase / (decrease) in payables		1,420	374	810
Cash flow from operating activities		1,250	230	3,001

Consolidated Group Statement of Changes in Equity

For the 6 months ended 30 June 2013

6 months to 30 June '13	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Minority Interest £'000	Total equity £'000
At 1 January '13	194	4,830	233	3,478	177	8,912
Shares issued	1	29	-	-	-	30
Foreign currency translation	-	-	-	86	-	86
Profit for the period	-	-	-	477	(50)	427
Dividends paid	-	-	-	(677)	-	(677)
At 30 June '13	195	4,859	233	3,364	127	8,778

6 months to 30 June '12	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Minority Interest £'000	Total equity £'000
At 1 January '12	194	4,816	233	2,417	-	7,660
Shares issued	-	6	-	-	-	6
Foreign currency translation	-	-	-	10	-	10
Profit for the period	-	-	-	275	-	275
Dividends paid	-	-	-	(564)	-	(564)
On acquisition	-	-	-	-	234	234
At 30 June '12	194	4,822	233	2,138	234	7,621

12 months to 31 December '12	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Minority Interest £'000	Total equity £'000
At 1 January '12	194	4,816	233	2,417	-	7,660
Shares issued	-	14	-	-	-	14
Foreign currency translation	-	-	-	(29)	-	(29)
Profit for the period	-	-	-	1,654	(58)	1,596
Dividends paid	-	-	-	(564)	-	(564)
On acquisition	-	-	-	-	235	235
At 31 December '12	194	4,830	233	3,478	177	8,912

Notes to the financial statements

For the 6 months ended 30 June 2013

1. General information

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

This condensed consolidated interim financial information has been reviewed, but not audited, by the auditors, and their independent review is set out on page 3 of this report. It does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The financial information for the 12 months to 31 December 2012 has been extracted from the statutory accounts for that period. These published accounts were reported on by the auditors without qualification or an emphasis of matter reference, and did not include a statement under section 498 of the Companies Act 2006, and have been delivered to the Registrar of Companies.

This condensed consolidated interim financial information was approved by the board on 6 September 2013.

2. Basis of preparation

This condensed consolidated interim financial information for the 6 months ended 30 June 2013 has been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the financial statements of the Company for the period ending 31 December 2012 which were prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

3. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the financial statements of the Company for the year ended 31 December 2012.

4. Seasonality of operations

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

5. Segmental reporting

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

The following table presents revenue and profit and loss information regarding the Group's two business segments - Promotional Sales and Retail, split by geographic area:

	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
6 months to 30 June '13							
Net Revenue	1,789	1,098	2,212	1,244	-	320	6,663
Operating profit/(loss) before non-recurring costs	328	569	438	188	(769)	(97)	657
6 months to 30 June '12							
Net Revenue	1,342	575	2,544	687	-	-	5,148
Operating profit/(loss) before non-recurring costs	267	168	598	57	(653)	-	437
12 months to December '12							
Revenue	3,269	1,958	5,739	1,967	-	122	13,055
Operating profit/(loss) before non-recurring costs	1,341	766	1,292	337	(1,246)	(119)	2,371

6. Goodwill

	6 months to 30 June '13 £'000	6 months to 30 June '12 £'000	12 months to 31 December '12 £'000
Opening Balance	8,225	7,981	7,981
Additions	-	217	244
Closing Balance	8,225	8,198	8,225

7. Other intangible assets

	6 months to 30 June '13 £'000	6 months to 30 June '12 £'000	12 months to 31 December '12 £'000
Opening Balance	20	26	26
Additions	-	-	30
Amortisation	(6)	(12)	(36)
Closing Balance	14	14	20

8. Property, plant and equipment

	6 months to 30 June '13	6 months to 30 June '12	12 months to 31 December '12
	£'000	£'000	£'000
Opening Balance	1,362	1,220	1,220
Acquired on acquisition	-	28	28
Additions	236	53	424
Depreciation	(154)	(119)	(310)
Closing Balance	1,444	1,182	1,362

9. Cash & cash equivalents

	30 June '13	30 June '12	31 December '12
	£'000	£'000	£'000
Cash at Bank and on hand	1,795	948	2,019
Bank Overdraft	-	(393)	-
	1,795	555	2,019

10. Non-current liabilities

At 30 June 2013, Retail Profile Holdings Limited had a bank loan of £487k (of which £455k is included in current liabilities being repayable within 12 months) repayable in monthly instalments of £37,917 with interest at a fixed rate of 6.5% on £1,000,000 of the loan, and base rate, subject to a cap of 3%, plus a margin of 3% on the balance. The loan note is secured by a fixed and floating charge over the assets of Retail Profile Holdings Limited and its subsidiaries.

In addition, as at 30 June 2013, SpaceandPeople had drawn down £500k of its agreed bank facility of £1,000,000. The amount drawn is part of a revolving credit facility with repayment due in July 2014.

11. Dividends

	30 June '13	30 June '12	31 December '12
	£'000	£'000	£'000
Paid during the period	677	564	564

12. Called up share capital

Allotted, issued and fully paid		30 June '13	30 June '12	31 December '12
Class	Nominal value			
Ordinary	1p	£		
		195,036	194,411	194,581
	Number	19,503,563	19,441,063	19,458,063

13. Earnings per share

Earnings per share has been calculated using the profit/ (loss) after taxation for the period and the weighted average number of shares in issue.

	30 June '13	30 June '12	31 December '12
	£'000	£'000	£'000
Profit / (loss) after taxation	477	275	1,654
Weighted average number of shares in issue during the period	'000	'000	'000
- 1p ordinary shares	19,477	19,441	19,440
- Share options	2,364	2,051	1,831
- Diluted ordinary shares	21,841	21,492	21,271

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