Report of the Directors and

Financial Statements for the year ended 31 October 2008

for

SpaceandPeople plc

HIGHLIGHTS

- Billings up 12% from £11.13M to £12.44M
- Turnover up 21% from £2,103,627 to £2,547,833
- Germany profitable in first year
- Profits before tax up 10% from £563,894 to £620,511
- Earnings per share up 12% from 3.59p to 4.01p
- Dividend up 8% from 1.85p per share to 2.00p per share
- Associates launched in Hong Kong and India

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SpaceandPeople plc

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SpaceandPeople plc

Chairman's Statement
For the year ended 31 October 2008

Dear Shareholder,

The management is to be commended for producing another strong set of results, with turnover up 21% to £2.5 million and profit before tax up 10% to £621 thousand. This is all the more creditable given that it was produced in difficult trading conditions, particularly in the retail sector, which witnessed a sharp decline in customer spending due to the recessionary pressures and a number of well publicised corporate failures.

However, the loss of traditional rental income has prompted shopping centre owners to seek to maximise revenue from other sources, which has played to SpaceandPeople's strengths. Advertisers looking to maximise the returns from their advertising and marketing budgets have recognised the value of SpaceandPeople's service which offers them the opportunity to get in front of some 40m potential customers every week.

Consequently management has taken advantage of the downturn to lay the foundation for future growth. Some excellent venues have been added and the UK team has been restructured to provide improved efficiency, whilst reducing the overall cost.

The new website which I announced last year is now fully operational and providing a reliable IT platform for improving the effectiveness of the sales teams and continued overseas expansion.

The German business which was set up in October 2007 has established itself successfully and, although it only started taking bookings in January, it produced a modest profit for the year. ECE, who manage 97 shopping centres in Europe, rewarded that success by giving us another 18 centres to manage. The prospects for the business are excellent as we increase occupancy rates and expand the range of venues offering the SpaceandPeople service.

The launching of SpaceandPeople's services in Hong Kong and India through franchises in which we retain 47.5% and 47.1% stakes respectively raised £107,000 in license fees and offers further avenues for growth and a model for further expansion overseas.

I would like to thank Craig Campbell who left the board in July, having served as a non-executive director since the Company's flotation in 2004.

The board remains confident about the future of S&P. The balance sheet is healthy with £1.5m of cash at the year end.

Dividend
Recognising the continued progress made by the Company the board is proposing a payment on 4 March 2009 of 2p, an increase of 8.1% on last year, to shareholders on the register as at 19 January 2009.

David Henderson-Williams
Chairman
19 January, 2009

SpaceandPeople plc

Group Chief Executive Officer's Review
For the year ended 31 October 2008

Summary

- Turnover up 21% from £2,103,600 to £2,547,800.
- Profits before tax up 10% from £563,894 to £620,500
- Germany profitable in first year
- SpaceandPeople Hong Kong and India launched through associate companies
- Dividend increased by 8.3% (eps 3.6p to 3.9p)

UK

- Number of venues up from 174 to 229 with some high profile acquisitions
- Average commission rates up from 18% to 20%
- First trans-European (UK, France and Germany) advertising campaign signed up for the National Basketball Association

After a very successful 2006/07 SpaceandPeople staffed up for significant growth in Q1 2007/08. However, November & December 07 saw the start of the financial crisis which resulted in a downturn in Q1 sales.

The opportunity was therefore taken in Q2 to restructure the sales teams and streamline costs which, together with the launch of the new multi-lingual, multi-currency IT platform in the UK will continue to drive the effectiveness and efficiency of the operations.

We have since continued to invest in the training and development of the sales department at SpaceandPeople and increased our focus on new and emerging business sectors.

We continue to support our clients with event – led sales activity and we have increased focus on mall retailing during the year which has yielded a good growth in activity from this sector.

We have also gained some notable Centres as contract wins such as the Pallasades in Birmingham, Eden in High Wycombe and the British Land portfolio of Shopping Parks. We have also started to work with The Mall Group who represent 22 town centre properties.

Germany

The exclusive contract with ECE was signed at the end of last financial year and the Hamburg office opened in October 2007, SpaceandPeople Deutschland started to take bookings in January 2008 for 55 centres under our management. This operation has had an excellent first year, generating £2.5 million in gross sales & £485,000 in sales commission, resulting in a small profit for the year. As a result of our success, ECE have put a further 18 centres under SpaceandPeople management.

Hong Kong

The licensing agreement with SpaceandPeople (HK) was signed at the end of the first half, with S&P retaining a 47.5% interest in the company. The office was opened in July and Douglas Mulcock has been appointed MD. Douglas previously worked for JC Decaux in Hong Kong, one of the world's leading outdoor advertising companies.

Douglas is supported by strong non executive directors - Nigel Oakins and Kiki Yau; Nigel headed The International Herald Tribune in Asia and Dow Jones Newswire in Hong Kong and Kiki has created and sold recruitment businesses in Hong Kong, both bring an excellent track record of commercial acumen and regional know- how.

10 venues have signed up on a rolling annual basis and many more have shown interest. There is strong advertiser demand and a number of contracts are being negotiated.

India

A licensing agreement was signed in November 07and SpaceandPeople (India) launched with Paresh Khivesara as MD. Paresh worked in UK Shopping Centres for several years prior to moving back to India in 2007 to set up SpaceandPeople India.

A total of £220K has been raised to fund the India operation raised and S&P has retained a 48% interest. The office in Mumbai was opened in Oct 08 and they have started to survey a number of shopping centres with the intention of commencing trading in January.

Prospects

SpaceandPeople now represent 288 venues in total of which 229 are in the UK and 59 in Germany representing a combined footfall of over 40 million people per week.

The balance sheet remains strong with positive cash flow of £200k during the year and £1.4mn of cash on the balance sheet at the year end.

We continue to see advertisers recognising the value of high footfall venues as an advertising media and switching advertising and marketing budgets from other, less measurable media.

The new financial year has started very well with November and December sales ahead of last year in both the UK and Germany. The Board remains confident of the future prospects for the company.

Yours sincerely

Matthew Bending

Matthew Bending
Group CEO SpaceandPeople Plc
19th January 2009

SpaceandPeople plc

Company Information
For the year ended 31 October 2008

DIRECTORS:	MJ Bending NJ Cullen DA Henderson-Williams (chairman) RA Chadwick AP Stirling
SECRETARY:	Watlington Securities Limited 36 Elder Street London E1 6BT
REGISTERED OFFICE:	141 St James Road Glasgow G4 OLT
REGISTERED NUMBER:	212277 (Scotland)
NOMINATED ADVISORS and BROKERS	JMFinn Capital Markets Limited 4 Coleman Street London EC2R 5TA
REGISTRARS:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
AUDITORS:	Campbell Dallas LLP Chartered Accountants Registered Auditors 7 Glasgow Road Paisley PA1 3QS
BANKERS:	The Royal Bank of Scotland 36 St Andrews Square Edinburgh EH2 2YB
SOLICITORS:	DMH Stallard Centurion House 37 Jewry Street London EC3N 2ER

Report of the Directors
For the year ended 31 October 2008

The directors present their report with the audited financial statements of the company for the year ended 31 October 2008.

PRINCIPAL ACTIVITY
The principal activity of the Company in the year under review was that of marketing and selling promotional space on behalf of shopping centres and other venues.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The results for the year and financial position of the Company are as shown in the annexed financial statements. The review of business and summary of future developments are included in the Chairman's Statement and Group Chief Executive Officer's Review. SpaceandPeople has delivered an impressive growth in profitability under difficult market conditions. SpaceandPeople Germany has made a small profit in its first year of operations, and SpaceandPeople Hong Kong and SpaceandPeople India have been launched as associated companies.

Business Environment
SpaceandPeople works for property owners, helping them create revenue from common areas by selling the space and opportunity to meet consumers. The Company surveys, markets and sells this space as a media, receiving commissions for this activity. As the first company to develop this idea, it has had considerable success in driving sales into these venues and has worked hard at developing processes and strategies to win marketing budgets to utilise this vibrant effective platform. In the current environment, property owners are seeking to maximise revenues, and advertisers are looking for value for money from their advertising and marketing budgets. SpaceandPeople is best placed to help both these groups achieve their objectives.

Strategy
The business itself is simple and therefore its strategies are simple, sign up more venues, sell more advertisers into them and keep those customers coming back for more. The strategy is finessed by the fact the venues require a lot of customer service and this is reflected in the reporting and one to one meetings held with them.

Key Performance Indicators
SpaceandPeople maintains records of every booking ever undertaken and constantly monitors several key areas;
- Sales, against target and last year;
- Profitability, against target and previous year;
- Venues, what is the pipeline of new venues, who is performing, who is underperforming;
- Advertisers against type, against last year, different sectors have a cycle we monitor them accurately;
- Commission rates, and contract wins plus venue attrition and the reasons why.

Research and Development
The Company continuously researches more effective ways of doing business, new products and services to offer our customers, and new markets in which to operate. The key development during the year was the launch of the new multi language, multi currency e-commerce site that allows sales staff to react to customers needs quicker, cuts down on administration and allows them to sell more, quicker. This platform, which replaces the original software developed to start SpaceandPeople 7 years ago, is now in use in the UK and Germany and has allowed the export of the SpaceandPeople model to Hong Kong and India through associate companies.

Future Outlook
The future outlook is strong. The UK business continues to acquire new venues and has been restructured to improve the effectiveness of the sales team and reduce costs. SpaceandPeople Germany is expected to make a significant contribution this year as it takes on more venues and sells more space in existing venues.

Principal Risks and Uncertainties
The key risks relate to the business environment, the market conditions and the retention of key employees. Mall owners are seeking to improve returns potentially through reducing commissions paid and through seeking guaranteed revenues, both of which have been successfully resisted as not being in their best interest in the medium to long term. However, competing companies may seek at attract venues away from the company by offering them or the mall owners may seek to attract advertisers themselves. Advertisers have recognized the effectiveness of the company's service and value for money that taking promotional space in one or more venues represents. In addition, the Company offers high standards of customer service through regular meetings with the venue owners and managers, each of which has a contract with the company, setting out the terms and conditions for the provision of the services. Key employees are retained and incentivised through bonuses and granting of share options.

Report of the Directors
For the year ended 31 October 2008

DIVIDENDS
The dividend paid in March 2008 was £215,647 which is 1.85p per share. The directors recommend a dividend of £233,100 being 2.00p per share, which will be payable on 4 March, 2008 to all shareholders on the share register as at 19 January, 2009.

DIRECTORS
The directors who served during the year under review were:
MJ Bending
RA Chadwick – Non Executive (appointed 13.11.2007)
NJ Cullen
DA Henderson-Williams – Non Executive Chairman
CL Campbell – Non Executive (resigned 7.7.2008)
AP Stirling – Non Executive

The beneficial interests of the directors holding office on 31 October 2008 in the issued share capital of the company were as follows:

Ordinary 1p shares	31.10.08	1.11.07
MJ Bending	2,048,500	2,048,500
RAChadwick	20,000	
NJ Cullen	1,525,000	1,525,000
DA Henderson-Williams	20,000	
AP Stirling	800,000	700,000

25,000 share options have been issued to DA Henderson-Williams under an unapproved share option scheme with an exercise price of £0.65.

SHARE CAPITAL
During the year the Company issued 193,000 ordinary share of 1p each, 130,000 of which were as a result of a placing raising £244,956, and the remaining 63,000 through the exercise of options previously granted to staff, raising £9,250.
In addition, 18,707 options were granted to staff to acquire ordinary shares at 155p, the price at the time of the grant, between 16 January 2011 and 15 January2015.

SUBSTANTIAL SHAREHOLDINGS
At the date of this report the following substantial shareholdings representing more than 3% of the Company's issued share capital, other than those held by the directors, have been notified to the company:-

Ordinary 1p shares		%
Gresham House plc	1,587,500	13.62
Welsh Industrial Investment Trust plc	1,350,000	11.58
The Gresham House Number 1 Pension Fund	1,140,000	9.78

AP Stirling is also a director of Welsh Industrial Investment Trust plc and The Gresham House Number 1 Pension Fund (of which he is also a beneficiary) and RA Chadwick of Gresham House plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards adopted by the European Union (IFRSs).

Under IFRSs the financial statements are required to present fairly for each financial year the company's financial position, financial performance and cash flow. This require the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expense set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

Report of the Directors
For the year ended 31 October 2008

The directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The financial statements are published on the Company's website. The maintenance and integrity of this website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
At the date of this report, as far as each of the directors is aware:
- There is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware; and
- Each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

GOING CONCERN
After making enquiries, the directors have formed a judgement that at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. For this reason, the directors continue to adopt a going concern basis in preparing the financial statements.

SUPPLIERS PAYMENT POLICY
Whilst no formal code is adopted, the company's current policy concerning the payment of its creditors is to:
- Settle the terms of payment with creditors when agreeing the terms of each transaction;
- Ensure that those creditors are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

CHARITABLE DONATIONS
There were no donations to charitable organisation during the year.

CORPORATE GOVERNANCE
The directors fully support the recommendations of the Combined Code on Corporate Governance, although due to the Company's AIM listed status there is no requirement to provide Corporate Governance Disclosure. As the Company continues to grow, the directors will review their compliance with the code from time to time and will adopt such of the provisions as they consider to be appropriate to the size of the company.

FINANCIAL RISK REVIEW
Detailed financial risk management objectives and policies are disclosed in note 14 in the accounts.

AUDITORS
The auditors, Campbell Dallas LLP, have expressed their willingness to continue in office as auditors and will be proposed at the Annual General Meeting for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

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MJ Bending – Director
19 January, 2009

Report of the Independent Auditors to the Shareholders of SpaceandPeople plc

We have audited the financial statements of SpaceandPeople plc for the year ended 31 October 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and the related notes 1 to 17 together with the notes to the cash flow statement. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company 's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described in the directors' report the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Chairman's Statement, Group Chief Executive Officer's Review and the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Chairman's Statement, the Group Chief Executive Officer's Review and the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within these.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Campbell Dallas LLP

Campbell Dallas LLP
Chartered Accountants
Registered Auditors
7 Glasgow Road
Paisley
PA1 3QS

19 January, 2009

SpaceandPeople PLC

Income Statement
For the year ended 31 October 2008

	Year to 31 October 2008 £	Year to 31 October 2007 £
REVENUE	2,547,833	2,103,627
Administrative expenses	2,089,474	1,457,035
Foreign market set up costs	-	152,609
	458,359	493,983
Other operating income	107,000	14,632
OPERATING PROFIT	565,359	508,615
Finance income	55,152	55,279
PROFIT BEFORE TAXATION	620,511	563,894
Taxation	(154,435)	(151,931)
PROFIT FOR THE PERIOD AFTER TAXATION	466,076	411,963
EARNINGS PER SHARE		
Basic	4.01p	3.59p
Diluted	3.96p	3.55p
DIVIDENDS PER SHARE		
Paid	1.85p	1.50p
Proposed	2.00p	1.85p

CONTINUING OPERATIONS
All items dealt with in arriving at the profit stated above relate to continuing activities.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

SpaceandPeople PLC

Statement of Changes in Equity
For the year to 31 October 2008

	Share Capital £	Share Premium £	Special Reserve £	Retained Profits £	Total Equity £
Year to 31 October 2008					
At 1 November 2007	114,620	13,630	232,809	751,488	1,112,547
Shares issued	1,930	252,276	-	-	254,206
Foreign currency translation				19,008	19,008
Profit for the year			-	466,076	466,076
Dividends paid			-	(215,647)	(215,647)
At 31 October 2008	116,550	265,906	232,809	1,020,925	1,636,190
Year to 31 October 2007					
At 1 November 2006	114,000	-	232,809	510,525	857,334
Shares issued	620	13,630	-	-	14,250
Profit for the year	-	-	-	411,963	411,963
Dividends paid	-	-	-	(171,000)	(171,000)
At 31 October 2007	114,620	13,630	232,809	751,488	1,112,547

Statement of Total Recognised Gains or Losses
For the year to 31 October 2008

	Year to 31 October 2008 £	Year to 31 October 2007 £
Profit for the year	466,076	411,963
Foreign exchange translation differences	19,008	-
Total recognised gains for the year	485,084	411,963

SpaceandPeople PLC

Balance Sheet
31 October 2008

	31 October 2008	31 October 2007
	£	£
ASSETS		
Non-current assets:		
Intangible assets	228,131	245,985
Property, plant and equipment	90,630	73,146
Investment in associate	95,027	-
	413,788	319,131
Current assets:		
Trade and other receivables	1,104,570	832,271
Cash and cash equivalents	1,543,320	1,037,747
	2,647,890	1,870,018
Total Assets	3,061,678	2,189,149
LIABILITIES		
Current liabilities		
Trade and other payables	1,261,053	926,602
Current tax payable	164,435	150,000
Total Liabilities	1,425,488	1,076,602
Net assets	1,636,190	1,112,547
EQUITY		
Called up share capital	116,550	114,620
Share premium	265,906	13,630
Special reserve	232,809	232,809
Profit and loss account	1,020,925	751,488
Shareholders equity	1,636,190	1,112,547

These financial statements were approved by the Board of Directors on 19 January, 2009.

Signed on behalf of the Board of Directors

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MJ Bending - Director

SpaceandPeople PLC

Cashflow Statement
For the year ended 31 October 2008

	Year to 31 October 2008 £	Year to 31 October 2007 £
Cash flows from operating activities		
Cash generated from operations	761,498	529,259
Taxation	(140,000)	(109,930)
Net cash inflow from operating activities	621,498	419,329
Cash flows from investing activities		
Interest received	55,152	55,279
Purchase of property, plant and equipment	(114,519)	(291,708)
Investment in associate	(95,027)	-
Net cash outflow from investing activities	(154,394)	(236,429)
Cash flows from financing activities		
Proceeds from issue of shares	254,116	14,250
Dividends paid	(215,647)	(171,000)
Net cash flow from financing activities	38,469	(156,750)
Increase/(decrease) of cash and cash equivalents	505,573	26,150
Cash at beginning of year	1,037,747	1,011,597
Cash at end of year	1,543,320	1,037,747

Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	565,359	508,615
Depreciation	114,889	40,840
Effect of foreign exchange rate changes	19,098	-
(Increase)/decrease in trade and other receivables	(272,299)	(103,532)
Increase/(decrease) in trade and other payables	334,451	83,336
Cash flows from operating activities	761,498	529,259

1. BASIS OF PREPARATION

The Company's financial statements for the year ended 31 October 2008 and for the comparative year ended 31 October 2007 have been prepared on a going concern basis under the historic cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee interpretations, and with those part of the Companies Act 1985 applicable to companies reporting under IFRS.

This is the first year in which the Company has prepared financial statements under IFRS and the comparatives have been restated from UK Generally Accepted Accounting Practice to comply with IFRS. The conversion to IFRS involved no impact to the income statement or cash flow of the Company, nor on the accounting policies set out below. The balance sheet was impacted to the extent that 'website development costs' previously classified as tangible fixed assets are now included in intangible fixed assets, as shown in notes 8 and 9.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are described below and remain unchanged from the previous year.

Turnover

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

Property, plant and equipment

Depreciation is provided at the annual rates below in order to write off each asset over its estimated useful life.

Fixtures and fittings	-	25% of cost
Computer equipment	-	25% of cost

Intangible assets

Website development costs - The Company capitalises all costs directly attributable to further developing its website, while costs which relate to ongoing maintenance are expensed as they arise. The capitalised costs are depreciated over three years.

Foreign development - The Company capitalises costs relating to the development of its process and service in certain foreign markets. Costs are only capitalised where the company considers that there is a clearly definable project and in each case a process is separately identifiable which has its own individual value. Costs are capitalised in relation to countries where there is a reasonable expectation that future revenues will exceed capitalised costs. Where the criteria for capitalisation are not met, costs are written off in the year incurred. Capitalised costs are written off over five years.

Patents and trademarks - The costs of obtaining patents and trademarks are capitalised and written off over the economic life of the asset acquired.

Impairment of fixed assets

The need for any fixed asset impairment is assessed by comparison of the carrying value of the asset against the higher of realisable value and the value in use or, in the case of intangible assets, the anticipated future cash flows arising from the asset.

Investment in associates

The costs of acquiring investments in associates are capitalised and are subsequently accounted for using the equity method. The value of investments in associates is tested for impairment against the anticipated future cash flows of the associate.

Leasing commitments

Rentals paid under operating leases are charged against profit as incurred. There are no finance leases.

Taxation
The tax expense represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year and rates that have been enacted or substantially enacted at the balance sheet date.

Where material, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, and is provided at the average rates that are expected to apply when the timing differences reverse, base on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Foreign exchange
Items included in the Company's financial statements are measured using Pounds Sterling, which is the currency of the primary economic environment in which the Company operates, and is also the Company's presentational currency.

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates at that date. These translation differences are dealt with in the profit and loss account.

The income and expenditure of overseas operations are translated at the average rates of exchange during the period. Monetary items on the balance sheet are translated into sterling at the rate of exchange ruling on the balance sheet date and fixed assets at historic rates. Exchange difference arising are classified as equity.

Financial instruments
Financial assets and liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are carried at original invoice value less an allowance for any uncollectable amounts. An allowance for bad debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off in the income statement when identified.

Cash and cash equivalents are carried in the balance sheet at cost and comprise cash in hand, cash at bank and deposits with banks.

Trade and other payables are carried at amortised costs and represent liabilities for goods or services provided to the Company prior to the year end, that are unpaid and arise when the Company becomes obliged to make future payments in respect of these goods and services.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Pensions
The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Critical accounting judgements and estimates
The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. IFRS also requires management to exercise its judgement in the process of applying the Comapny's accounting policies.

The areas where significant judgements and estimates have been made in the preparation of these financial statements are the useful lives and impairment of tangible and intangible assets, impairment of the value of investment in associates and taxation. Explanations of the methodology and the resultant assumptions are detailed in the relevant accounting policies above and the respective notes to the financial statements.

3. **SEGMENTAL REPORTING**

The Company maintains two offices, Glasgow and Hamburg, Germany, which are reported separately. The French business is currently not material and dealt with in the Glasgow office. Their results are therefore included in the UK results. The German office opened in October 2007 and started taking bookings in January 2008.

	2008			2007		
	UK & France	Germany	Total	UK & France	Germany	Total
	£	£	£	£	£	£
Balance sheet						
Non-current assets	696,788	27,498	724,286	487,256	27,454	514,740
Depreciation	(301,591)	(8,907)	(310,498)	(195,609)		(195,609)
	393,591	20,420	413,788	291,677	27,454	319,131
Other segment assets	2,471,152	176,738	2,647,890	1,646,129	223,889	1,870,018
Total segment assets	2,864,520	197,158	3,061,678	1,937,806	251,343	2,189,149
Total segment liabilities	(1,470,040)	(44,552)	(1,425,488)	(1,032,043	(44,559)	(1,076,602)
Net Assets	**1,483,584**	**152,606**	**1,636,190**	906,763	206,784	1,112,547
Revenue	**2,062,739**	**485,094**	**2,547,833**	2,103,627	-	2,103,627
Operating profit/(loss)	**564,750**	**609**	**565,359**	581,266	(72,651)	508,615

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	2008	2007
	£	£
Motor vehicle leasing	**18,920**	6,488
Depreciation - owned assets	**114,889**	40,840
Auditors' remuneration		8,310
Auditors' remuneration – non-audit fees		9,100
Directors' emoluments		175,902
Pensions	**4,494**	15,313
		191,215

5. **STAFF COSTS**

	2008	2007
	£	£
Wages and salaries		869,460
Social security costs		96,383
		965,843

The average monthly number of employees during the year was as follows:

	2008	2007
Directors	**2**	2
Administration		7
Telesales		25
		34

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2008	2007
	£	£
Current tax:		
UK corporation tax	**164,435**	150,000
Under/(Over) provision	**(10,000)**	1,931
Tax on profit on ordinary activities	**154,435**	151,931

UK corporation tax was charged at 28/30% during 2008 and 30% during 2007.

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2008	2007
	£	£
Profit on ordinary activities before tax	**620,511**	563,894
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28/30% (2007 - 30%)	**179,948**	169,188
Effects of:		
Expenses not deductible for tax purposes, capital allowances in excess of depreciation, marginal relief, captilised revenue expenses	**(15,513)**	(17,237)
UK Corporation tax	**164,435**	150,000

7. DIVIDENDS

	2008	2007
	£	£
Paid during the year		
Equity – 1.85p per ordinary share (2007 : 1.5p)	**215,647**	171,000
Proposed		
Equity – 2.0p per ordinary share (2007 : 1.85p)	**233,100**	215,647

8. INTANGIBLE FIXED ASSETS

	Website Development	Foreign Development	Patents and trademarks	TOTAL
Cost	£	£	£	£
At 1 November 2007	218,366	136,534	5,913	360,813
Additions	52,557	-	-	52,557
At 31 October 2008	**270,923**	**136,534**	**5,913**	**413,370**
Depreciation/Amortisation				
At 1 November 2007	108,915	-	5,913	114,828
Charge for the year	44,064	26,347	-	70,411
At 31 October 2008	**152,979**	**26,347**	**5,913**	**185,239**
Net book value				
At 1 November 2007	109,451	136,534	-	245,985
At 31 October 2008	**117,944**	**110,187**	-	**228,131**

9. TANGIBLE FIXED ASSETS

	Fixtures and Fittings	Computer Equipment	TOTAL
Cost	£	£	£
At 1 November 2007	40,673	113,254	153,927
Additions	55,520	6,442	61,962
At 31 October 2008	**96,193**	**119,696**	**215,889**
Depreciation			
At 1 November 2007	17,277	63,504	80,781
Charge for the year	23,953	20,525	44,478
At 31 October 2008	**41,230**	**84,029**	**125,259**
Net book value			
At 1 November 2007	23,396	49,750	73,146
At 31 October 2008	**54,963**	**35,667**	**90,630**

10. INVESTMENTS IN ASSOCIATES

During the year, the Company signed licensing agreements with SpaceandPeople (Hong Kong) Ltd for them to provide SpaceandPeople's services in Hong Kong and Macau, and SpaceandPeople (India) Ltd for them to provide SpaceandPeople's services in India. The Company retains a 47.5% interest in these companies. The costs of acquiring these interests have been capitalised.

	2008	2007
	£	£
SpaceandPeople (Hong Kong) Ltd	**22,536**	-
SpaceandPeople (India) Ltd	**72,491**	-
	95,027	-

11. TRADE AND OTHER RECEIVABLES

	2008	2007
	£	£
Trade debtors	956,939	793,670
Other debtors	76,029	10,253
Amounts due from Associates – Hong Kong	22,354	-
Other taxes	26,448	-
Prepayments	22,800	28,348
	1,104,570	832,271

12. TRADE AND OTHER PAYABLES

	2008	2007
	£	£
Trade creditors	461,345	92,478
Other creditors	501,149	598,828
Social security and other taxes	113,112	118,522
Accrued expenses	66,697	116,774
Amounts due to Associates - India	118,750	-
Trade and other payable	1,261,053	926,602
Corporation tax	164,435	150,000
	1,425,488	1,076,602

Other creditors represent the balance of sums due to shopping centres where the company provides an invoicing service.

13. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Expiring:				
Within one year	-	60,660	-	-
Between one and five years	-	-		4,299
	-	60,660		4,299

14. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash, and various items such as trade debtors and trade creditors which rise directly from its operations.

Short term debtors/creditors have been excluded from the following disclosures.

	2008	2007
	£	£
Financial Assets		
Cash at bank and in hand	1,424,570	1,037,747

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair value

The net fair value and carrying amounts approximate their carrying value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and notes.

15. TRANSACTIONS WITH DIRECTORS

Directors fees

During the period, fees amounting to £27,850 (2007 - £13,994) were paid to individuals for their services as directors.

16. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2008 £	2007 £
15,000,000	Ordinary	1p	**150,000**	150,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2008 £	2007 £
11,655,000	Ordinary	1p	**116,550**	114,620

17. SHARE OPTIONS

The company has established an EMI Option Scheme under which the maximum number of Ordinary Shares exercisable 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 is advised on such matters by the Remuneration Committee.

In aggregate Share Options have been granted under the EMI Option Scheme over 90,707 Ordinary Shares exercisable within the following dates and at the following exercise prices.

Date of grant	Number	Option period	Price
27 September 2004	15,000	27 September 2007 – 26 September 2011	15p
30 October 2005	28,500	30 October 2008 – 29 October 2012	50.5p
30 June 2006	4,000	30 June 2009 – 30 June 2013	70p
30 October 2006	24,500	30 October 2009 – 29 October 2013	75p
16 January 2008	18,707	16 January 2011 – 15 January 2015	155p

In addition, Share Options have been granted previously under an Unapproved Option Scheme, to DA Henderson-Williams, over 25,000 Ordinary Shares exercisable within the following dates and at the following exercise price.

5 September 2006	25,000	5 September 2009 – 5 September 2013	65p

18. EARNINGS PER SHARE

Earnings per share has been calculated using profit after taxation for the year of £466,076 (2007 £411,963) and the weighted average number of shares in issue.

	Year to 31 October 2008	Year to 31 October 2007
Weighted average number of shares in issue during the year		
1p ordinary shares	**11,633,538**	11,462,000
Share options:	**123,159**	141,000
Diluted ordinary shares	**11,756,698**	11,603,000