

14 April 2014

Sprue Aegis plc
(“Sprue”, the “Company” or the “Group”)

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

Sprue designs and sells innovative smoke and carbon monoxide (“CO”) alarms and other safety related products and accessories and is one of Europe’s largest suppliers of such, selling products under its own distinct brands of FireAngel, AngelEye and Pace Sensors based on its own in-house technology. Sprue is also the exclusive European distributor of the brands of BRK Brands Europe Limited (“BRK Brands”) namely First Alert, BRK and Dicon. Sprue is pleased to announce its final results for the year ended 31 December 2013.

Financial highlights

- Record year with turnover up 28% to £48.4m (2012: £37.8m)
- Record operating profit (pre-exceptional)* up 64% to £5.3m; reported operating profit of £4.9m (2012: operating profit £3.2m)
- Basic EPS (pre-exceptional)* up 83% to 11.87 pence per share (2012: 6.50 pence per share); reported basic EPS up 67% to 10.85 pence per share (2012: 6.50 pence per share)
- Recommended final dividend increased by 50% to 6 pence per share (2012: 4 pence)
- As expected, gross margin (before the £4.2m BRK Brands distribution fee (2012: £4.2m)) declined slightly to 37.2% (2012: 39.7%) principally due to a change in sales mix
- Benefit of operational leverage coming through in 2.4% increase in net operating margin to (pre-exceptional)* 11.1% (2012: 8.7%)
- Effective cash tax rate reduced from 17.2% to 10.3% following introduction of Patent Box
- Increased investment in product development and capex at £1.4m (2012: £1.0m)
- Balance sheet remains strong with net cash of £5.2m (2012: £6.2m) and no debt

** Exceptional bid-defence costs of £0.4m incurred in the year*

Operational highlights

- Signed extension to the 2010 BRK Brands distribution agreement to take effect from 1 April 2015 securing Sprue’s exclusive European distribution rights over the products and brands of BRK Brands on improved terms until at least 31 March 2018
- Continental Europe and UK Retail both performed very strongly
- Successful inclusion on all frameworks that have replaced the Firebuy framework agreement to supply UK Fire & Rescue Services (“UK F&RS”)
- Nano-905, our miniature CO sensor now in manufacture and expected to be fitted in finished CO alarms to be sold in 2014, subject to approval from the relevant certification bodies
- CO sensor volumes at Pace Sensors have significantly increased compared to 2012
- Successful defence of hostile bid by BRK Brands at 90p per Sprue share; BRK Brands secured acceptances of just 1.26% and withdrew its offer on 24 May 2013
- North American “UL” (Underwriting Laboratories) component recognition secured on Nano-905 and Sprue’s Gen 1 CO sensor for use in ten-year sealed for life products
- Subsequent to the year end, distribution agreements were signed with key distribution partners in Germany and France

- Subsequent to the year end, appointment of a new third party smoke alarm assembler in China to increase supply chain capacity ahead of the expected uplift in sales in the French market
- Announced separately today that Sprue has served notice to transfer its listing from ISDX to AIM and, subject to admission to AIM becoming effective, is seeking to raise approximately £8.0 million by way of a placing of new ordinary shares with institutional and other investors

Graham Whitworth, Chairman & Group CEO, commented:

“Despite the distractions of the hostile BRK Brands bid in early 2013, we are delighted to report record sales, record operating profit, record basic EPS up 83% to 11.87 pence per share and a 50% increase in the recommended final dividend of 6 pence per share. The expansion of our business in Continental Europe and the benefits of the multi-year contracts signed in 2012 are clearly evident in our results and the business is well placed for further growth.*

In March 2014, we were extremely pleased to announce the extension to our exclusive right to distribute the brands and products of BRK Brands throughout Europe – on improved terms – for at least a further three years from 1 April 2015 which reinforces the positive relationship we enjoy with Jarden Corporation. This agreement consolidates Sprue’s position at the forefront of the European home safety products market. The reduction in the distribution fee from £4.2m to £3.5m, £3.0m and £2.9m in each of the respective three years to 31 December 2017 more closely reflects the potential economic benefit Sprue anticipates from the sale of BRK Brands’ products.

Nano-905, Sprue’s miniaturised version of its Gen 1 CO sensor made at Pace Sensors in Canada is in full-scale production and is expected to be fitted in finished CO detectors for sale in 2014, subject to approval from the relevant certification bodies. The advancement of the new CO sensor over the current design demonstrates the high level of intellectual property in the business.

With further major new products to be launched in 2014 and beyond - including the ability to connect Sprue’s wireless home safety products over the internet - our competitive offering is set to significantly strengthen. Our new product offering for the UK Trade sector will use adapted Thermoptek technology and will be launched this year, subject to approval from the relevant certification bodies. With a strengthened product line up, we expect to grow our UK Trade market share over time.

We are also pleased to announce separately today that we have served notice to transfer the Company’s listing from ISDX to AIM. This is an exciting time in the development of the Company and the move to AIM is expected to broaden the shareholder base and improve the liquidity of Sprue shares.

Subject to admission to AIM becoming effective, the Board is pleased to announce that Sprue is seeking to raise approximately £8.0 million by way of a placing of new ordinary shares with institutional and other investors. The placing proceeds will be used to provide additional working capital to support sales growth across Sprue’s markets, particularly in France, and to fund product development.

Sprue remains well placed to deliver shareholder value and continue to grow profitably. Thank you to all our employees for their contribution to make the business successful during what has been another extremely busy year for the business.”



**Pre bid defence costs of £0.4m*

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Notes to Editors

About Sprue Aegis plc

Sprue is one of the market leaders in the European home safety products market. Its principal products are smoke alarms and CO alarms and accessories and the Company has an extensive portfolio of patented intellectual property. The introduction of new safety products legislation in Europe, and increasing levels of awareness of the dangers of smoke and CO, continue to drive sales.

Sprue manufactures CO sensors at its subsidiary, Pace Sensors for use in all its CO alarms. Other than CO sensors, the Company has no manufacturing and instead outsources assembly and manufacturing to third party contract manufacturers in China.

Sprue enjoys a leading footprint in UK Retail and the UK's Fire and Rescue Services. The Company also supplies the UK's Utility and Leisure sector which includes customers such as British Gas and Scottish Gas and has a well-established but relatively low market share of the UK Trade sector. Sprue has a rapidly growing business in Continental Europe mainly selling through a network of independently owned third party distributors.

Sprue will be launching a gateway device later this year which will enable connection and monitoring of its existing Wi-Safe2 products over the internet.

The Company has won five prestigious Sunday Times Fast Track 100 Awards, which recognises the 100 fastest growing companies in the UK.

Sprue's head office is in Coventry and it uses a third party logistics / warehouse provider in Cambridge for its own brand products. As part of the 2010 BRK distribution deal, Sprue took over the BRK Brands' Gloucester office and BRK Brands' warehouse, also in Gloucester.

Patented technology

Sprue has patented its technology in Europe, the US and other selected territories. For further product information, please visit: www.sprue.com or www.fireangel.co.uk or www.pacesensors.co.uk or www.firstalert.co.uk or www.brk.co.uk.

Company ethos

Sprue makes products that save lives. It is a simple philosophy. We design and sell market-leading smoke and CO alarms that achieve this objective.

Sprue is serious about CO and smoke detection and believes everyone should be properly protected with affordable and reliable home safety products from a company with brands you can trust.

Our people work with passion and enjoy being part of a business that designs and sells products that save lives. We encourage our staff to "make a difference" to our business every day.



OUR BRANDS

Sold under six complementary brands, Sprue's range of products is comprehensive, allowing the Company to tailor the range of smoke alarms, CO alarms and associated accessories it offers to suit the needs of each customer across its target market segments.

FireAngel

A market-leading and innovative battery operated alarms principally targeted at UK Retail and UK F&RS customers.

AngelEye

Launched in 2012 to sell, market and distribute Sprue engineered smoke alarms and CO detectors principally into the French market. AngelEye has become a leading brand targeted at the DIY channel in France, which the Directors believe represents approximately 90% of the French market by value.

Pace Sensors

CO sensors used within Sprue's CO products are developed by Sprue and Pace Sensors, Sprue's wholly owned subsidiary in Canada. Pace Sensors' CO sensors are used within all FireAngel, AngelEye and Pace Sensors CO detectors and certain First Alert branded CO detectors.

First Alert

With over 40 years' experience in manufacturing safety products, First Alert is a known global brand in home safety, selling approximately 14 million smoke alarms annually worldwide. First Alert is a BRK Brands brand and its range also includes ancillary safety products, including fire extinguishers, fire blankets and fire safes. First Alert is marketed as a 'heritage' brand due to its long-term presence in the fire safety market.

BRK

Targeted at wholesalers, specifiers and electrical installation professionals, BRK offers a comprehensive range of 230V mains powered smoke, heat and CO alarms.

Dicon

A BRK brand targeted at customers focused on value.

MANAGEMENT COMMENTARY

Introduction

Sprue is building market leading positions in each of the five home safety products markets that it serves by providing innovative, technologically advanced, cost competitive smoke and CO products and accessories sold under distinctive brands into each of these markets. Continuous investment in product development such as our proprietary wireless technology, CO sensing know-how, and our ability, due to launch later this year, to wirelessly connect to products over the internet using a gateway device are helping to position the Group as Europe's leading home safety products supplier.

Financial review

Revenue increased by 28% to £48.4m (2012: £37.8m) reflecting the increase in sales of FireAngel products into Germany, the expansion of the UK Retail business and the benefit of the new multi-year contracts secured in 2012. As anticipated, UK F&RS sales declined slightly due to budget cuts at the Brigades introduced by the UK Government.

As expected, gross margin before the annual BRK Brands' distribution fee of £4.2m declined from 39.7% in 2012 to 37.2% principally due to changes in sales mix.

Operating profit (pre-exceptional)* increased by 64% to £5.3m (reported operating profit: £4.9m) reflecting the strong operational leverage in the business. The Group's outsourced manufacturing and assembly model remains highly scalable and administrative costs (pre-exceptional)* as a percentage of sales were significantly reduced to 16.5% (2012: 18.5%).

In October 2012, Sprue repaid the outstanding £0.5m loan note and throughout 2013, the business was debt free which accounts for the reduction in interest payable in the year compared to 2012. The balance sheet at the year end remained strong with £5.2m of cash and no debt.

The 2013 tax charge benefited from the introduction of "Patent Box" in April 2013 which allows the Group to effectively pay a reduced rate of corporation tax on profits generated from products which contain components / designs that relate to UK patents. Excluding the impact of deferred tax on timing differences which are expected to reverse in the short term, the effective cash tax rate in 2013 reduced compared to 2012 at 10.3% down from 17.2%. Relief under Patent Box is extended from 60% to 70% from 1 April 2014 which is expected to further reduce the effective cash tax rate for the Group and thereby improve cash flow.

Basic EPS (pre-exceptional)* increased 83% to 11.87 pence per ordinary share (2012: 6.50 pence per share); reported basic EPS: 10.85 pence per share (2012: 6.50 pence per share).

Compared to 2012, cash declined by £1.0m to £5.2m following a net working capital increase of £3.2m, of which stock accounted for £2.3m, debtors £0.7m and a reduction in creditors of £0.2m. We expect cash generation to gradually improve as inventory levels normalise and the impact of improved credit terms from our CO detector supplier take effect. However further growth in sales will require additional working capital as the 2013 results have borne out.

** Exceptional bid-defence costs of £0.4m incurred in the year*

The BRK Brands bid for Sprue

We thank all those shareholders who supported the management team and rejected the BRK Brands bid at 90 pence per Sprue share. After taking advice, the Independent Directors (which excluded Tom Russo and Ashley Silverton) concluded that the offer price of 90p per share fundamentally undervalued the Company and therefore unanimously rejected the bid and urged shareholders to do the same.

BRK Brands and Sprue continue to co-operate on a day to day basis as supplier/distributor and Sprue remains the exclusive distributor of BRK Brands' brands in Europe.

Extension of exclusive European distribution agreement with BRK Brands and Jarden Corporation ("Jarden")

On 21 March 2014, Sprue announced that it had entered into a three year extension to its existing exclusive distribution agreement with BRK Brands and Jarden. The extension, which is on improved terms, comes into effect from 1 April 2015, when the existing distribution agreement expires.

Under the terms of the new agreement, Sprue has retained the exclusive rights to distribute the products and brands of BRK Brands, namely, First Alert, BRK and Dicon, throughout Europe. The key terms of the agreement are as follows:

- Annual distribution fee (£4.2m payable currently) to be reduced to £3.5m, £3.0m and £2.9m in calendar years 2015, 2016 and 2017 respectively; and
- Minimum term of three years to 31 March 2018 with twelve months' notice required by either party to terminate the agreement. Unless terminated, the agreement automatically renews on the same terms for further periods of twelve months.

As part of the negotiations, Sprue has also secured improved manufacturing terms from Detector Technologies Limited, a Jarden company, which supplies Sprue's branded smoke alarms and other associated accessories:

- Improved credit terms equivalent to two months' purchases;
- Right to source products at a fixed GBP / USD exchange rate of US\$1.62 : £1, removing foreign exchange rate risk on these purchases which are currently in USD; and
- Fixed product prices for two years from 1 January 2014.

Market update

Continental Europe. Sales were up 71% on 2012, largely due to a strong performance in Germany where sales of FireAngel ST-620 (which scored joint top in Stiftung Warentest, a consumer products testing association in February 2013), FireAngel ST-630 and FireAngel WST-630 (including the Wi-Safe 2 module) where all models offer diagnostics capability with sealed for life 10 year batteries, sold well. We believe that these products are now well established in the German market.

New legislation in Germany is continuing to drive sales where for example, in Baden-Württemberg (the third largest state with 10.7m inhabitants), legislation will require a smoke alarm to be fitted in all domestic homes by December 2014. The bulk of sales in this market are through professional contractors where Sprue and its German distributor have established contacts and where the diagnostic capability of Sprue's products is proving highly appealing to German customers.

Shortly, the original ten-year products sold into Germany in 2007 are due to be replaced and the replacement cycle that we have seen in Britain will commence in Germany, which we expect to further drive sales. In addition, Berlin (population: 3.3m), Brandenburg (population: 2.5m) and Sachsen (population: 4m), are yet to enact smoke alarm legislation which is expected to provide additional growth in sales in the near future.

In France, we have introduced AngelEye as the brand of choice for the DIY channel which we believe represents over 90% of the French market by value. Sales into France are in line with our internal expectations and are expected to significantly increase as we approach the 8 March 2015 deadline to fit at least one smoke alarm in each domestic property. We estimate that France has around 25 million homes and this market offers significant growth potential for the foreseeable future. For example, trials in 50 stores with a major French customer which is a subsidiary of Kingfisher Group are now underway. This represents a new potential customer in the French market.

In 2013, sales of Sprue's branded products in Continental Europe increased 3.5 times and approximately two-thirds of sales into this sector were of Sprue's branded products. This ratio is set to increase further as Sprue introduces AngelEye and FireAngel products into the French and Benelux markets.

We continue to receive enquiries from countries in Eastern Europe and parts of Scandinavia for products which are likely to generate further incremental FireAngel branded business.

UK Retail. Performed very strongly with a 24% increase in sales compared to 2012. Sprue's branded product sales increased by 52%, mainly due to growth in sales of CO products which all contain Sprue's CO sensor. Sales to B&Q, Screwfix, Tesco and Amazon, all of whom have an online presence are progressing well. Retail sector sales have benefitted from greater awareness of the danger of smoke and CO with widely publicised safety campaigns led by the UK Government, the Chief Fire Officers Association and Gas Safety charities.

Utilities & Leisure ("U&L"). Sales into the Utilities & Leisure sector increased 55% on 2012 largely due to CO products sold to British Gas and Scottish Gas under contract. Sales to Baxi of the "noCO flues in voids CO solution", which include a control unit that will cut off the electrical supply to the boiler thereby shutting the boiler down when CO is detected, were slower than expected but still represented accretive sales in 2013. Baxi products using Sprue's technology are branded noCO (Baxi's own brand) and sales are expected to gradually gain momentum as market awareness of the product improves.

UK F&RS. As expected, following the UK Government's budget cuts, sales to the UK F&RS declined by 18% compared to 2012. In 2013, Sprue was successfully appointed on all the frameworks that replaced the Firebuy framework agreement which expired in H2 2012 and sales to Sprue's UK F&RS customers continue as before. Virtually all product sales in this sector were of Sprue's branded products.

UK Trade. Overall, while UK Trade sales decreased by 7% compared to 2012, FireAngel product sales including CO alarms, were maintained broadly at the same level. Our new range of Trade products is on track to be launched in the second half of the year and will replace much of the BRK trade range, providing enhanced functionality and significantly improved performance.

In October 2013, it became law in Scotland for all homes to be fitted with a CO alarm where a new or replacement fixed combustion appliance is installed. We expect this will drive sales and increase pressure for similar legislation in other parts of the UK.

Product development and product innovation

Nano-905. The Nano-905 sensor is expected to be included in finished CO alarms manufactured in 2014. Sprue has spent a total of approximately £1.0m over the last three years to miniaturise its existing Gen 1 CO sensor and has invested a further £0.1m in capex to introduce a second production line at its Pace Sensors facility in Canada to enable the production of the Gen 1 CO and the Nano-905 CO sensor on separate dedicated assembly lines. The original Gen 1 CO sensor will continue to be used in ten-year CO variants which are due to be introduced shortly.

Pace Sensors enjoyed a significant increase in production volumes compared to 2012.

Development of AC powered alarms for the UK Trade market. Sprue is on track to launch a new AC range of products in 2014 with a modern design which will dramatically improve Sprue's product offering in the sector.

Except for one AC powered product sold to B&Q in recent years, most of Sprue's sales have been of battery powered alarms, so this represents an important step forward for the Company, with the expansion of its Thermoptek technology into AC powered products for the first time. From a very low base, Sprue expects to gain market share gradually once its products become established. Sprue will continue to sell its battery operated CO alarms into this sector under the FireAngel brand and sales are progressing well.

Wi-safe 2 technology. Our market-leading FireAngel WST-630 Thermoptek smoke alarm incorporates our ten-year battery life Wi-safe 2 technology and allows up to 50 alarms to be meshed in a single wireless network. In addition, Sprue's low frequency sounder and vibrating pad and strobe can connect to any Wi-Safe 2 enabled alarm.

UL approval on Pace Sensors Gen 1 CO sensor. Sprue has secured North American UL component recognition on its Gen 1 CO sensor to sell that component in products in North America. The Gen 1 CO sensor could be incorporated into ten-year sealed for life CO alarms. Entry into North America would significantly increase Sprue's addressable market and continues to be under review.

Launch of FireAngel ST-622. Sprue has updated its ST-620 model introducing a "Sleep Easy" function in the FireAngel ST-622 which allows the alarm to be silenced a number of times in the event of a low battery warning. This product, which is based on Sprue's Thermoptek technology, has been well received by the UK F&RS.

The “internet of things”. Sprue has recently announced an agreement with Intamac Systems Limited to provide Sprue’s customers with the ability to connect to and remotely monitor Sprue’s Wi-Safe 2 home safety products over the internet. Revenue from this project is expected to start in H2 2014 and a trial will commence shortly.

New product development. We continue to strengthen our technical team, adding additional resources to bring greater certainty to the delivery of the product road map in 2014 and beyond. Most of Sprue’s technical resources focus on new products for current markets, but Sprue will continue to fund investigative research on new potential products to broaden its addressable markets where the Board believes that the potential market opportunity warrants the investment.

Move to AIM

As part of the defence of the BRK Brands bid in April 2013, the Independent Directors undertook to seek shareholder support to move Sprue’s listing to the AIM market of the London Stock Exchange. Having consulted with major shareholders and gained support, and as separately announced today, Sprue has served notice to transfer its listing from ISDX to AIM, which is expected to be completed before the end of April 2014.

The Board believes that the move to AIM should broaden the investor base and improve daily turnover and liquidity in Sprue’s shares.

Recommended final dividend

In line with its progressive dividend policy and taking account of the Group’s future prospects and cash resources, the Board is pleased to recommend a final dividend of 6 pence per share (2012: 4 pence per share). The proposed cost to the Group amounts to £2.4 million and is covered 1.7x by post-tax profit (2012: 1.5x). If approved by shareholders at the AGM on 20 May 2014, the record date will be 20 June 2014 and the dividend will be paid to shareholders on 4 July 2014.

Outlook

The Company has announced record sales for the year ended 31 December 2013. The first quarter of 2014 has been another record start to the year for Sprue, building on a strong first quarter last year. Continental Europe and UK F&RS market segments have both performed ahead of budget, while UK Retail had a slow start to the year compared to budget. Gross margin in the first quarter was in line with the Board’s expectations. The second quarter has started very strongly with a record sales order book.

The Board remains highly optimistic about the Group’s prospects and with the separate announcement released today regarding the transfer of the Group’s listing to AIM, 2014 is set to be another significant year in the progress of the Group. The Board remains confident of the outlook for 2014 and of another successful year.

GRA Whitworth
Chairman and Group CEO

Nick Rutter
Managing Director

John Gahan
Group Finance Director



- ENDS -

The Directors of the issuer accept responsibility for this statement

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013**

	<i>Note</i>	2013 £000	Restated 2012 £000
Turnover	2	48,357	37,806
Cost of sales		(34,512)	(26,977)
Gross profit		13,845	10,829
Distribution costs		(602)	(613)
Research and development		(450)	(443)
Other administrative expenses*		(7,926)	(6,553)
Operating profit		4,867	3,220
Interest receivable and similar income		5	-
Interest payable and similar charges	3	-	(43)
Profit on ordinary activities before taxation		4,872	3,177
Tax on profit on ordinary activities	4	(633)	(814)
Profit for the year		4,239	2,363
Earnings per share (pence)	5		
Basic		10.85	6.50
Fully diluted		10.20	6.22

Continuing operations

None of the Group's activities are treated as acquired or discontinued during the above two financial years.

Notes

Other administrative expenses* include £0.4m of bid defence costs (2012: £nil).

2012 sales, cost of sales and other administrative costs have been restated to reflect the reclassification of certain items to be on a consistent basis with 2013.

**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £000	2012 £000
Profit for the year	4,239	2,363
Currency translation differences on foreign currency net investments	(26)	(10)
Adjustment in respect of share-based payments	15	19
Total recognised gains for the year	4,228	2,372

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013**

	<i>Note</i>	2013 £000	Restated 2012 £000
Fixed assets			
Intangible fixed assets		3,049	2,266
Tangible fixed assets		527	280
		<hr/> 3,576	<hr/> 2,546
Current assets			
Stocks		7,670	5,403
Debtors		10,393	9,647
Cash at bank and in hand		5,227	6,226
		<hr/> 23,290	<hr/> 21,276
Creditors: amounts falling due within one year		(10,860)	*(11,181)
		<hr/> 12,430	<hr/> 10,095
Net current assets			
Total assets less current liabilities		16,006	12,641
Provisions for liabilities	8	(1,427)	*(1,048)
		<hr/> 14,579	<hr/> 11,593
Net assets			
Capital and reserves			
Called up share capital		801	771
Share premium account		4,123	3,822
Profit and loss account		9,655	7,000
		<hr/> 14,579	<hr/> 11,593
Shareholders' funds			

*Creditors falling due within one year and Provisions for liabilities in 2012 have been restated to include specific warranty provisions of £0.5m which were included within Creditors falling due within one year in that year.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Note</i>	2013 £000	2012 £000
Net cash inflow from operating activities	6	2,224	2,394
Return on investment and servicing of finance		5	(43)
Taxation		(631)	(726)
Capital expenditure and financial investment		(1,355)	(963)
Equity dividend paid		(1,573)	(720)
Cash flow before use of liquid resources and financing		(1,330)	(58)
Financing		331	(72)
Decrease in cash during the year		(999)	(130)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash during the year		(999)	(130)
Cash outflow from decrease in debt		-	500
Non-cash movement in loan and unamortised issue costs		-	(6)
Change in net funds resulting from cash flows		(999)	364
Translation difference		-	(3)
Movement in net funds in the year		(999)	361
Net funds at beginning of year		6,226	5,865
Net funds at end of year	7	5,227	6,226

Notes to the preliminary financial information

1. Basis of preparation

The preliminary financial information has been prepared on the basis of the same accounting policies as detailed in the statutory financial statements for the year ended 31 December 2013.

Basis of accounting

The preliminary financial information is prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and on a going concern basis.

Basis of consolidation

The preliminary financial information consolidates the financial statements of Sprue Aegis plc and its subsidiary undertakings drawn up to 31 December 2013. The results of subsidiaries acquired are consolidated for the period from the date on which control passed. All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

2. Turnover

The turnover, operating profit and net assets are wholly derived from the Group's principal activity. An analysis of turnover by geographical market for the two years ended 31 December 2013 is given below:

	2013	Restated
	£000	2012
		£000
United Kingdom and Eire	26,466	25,576
Continental Europe and other	21,891	12,230
	48,357	37,806

3. Interest payable and similar charges

	2013	2012
	£000	£000
Interest on loan notes	-	(43)

4. Taxation

	2013	2012
	£000	£000
Current tax		
UK Corporation tax	(456)	(495)
Foreign tax	(88)	(50)
Adjustments in respect of prior years	81	(108)
	<hr/>	<hr/>
Total current tax charge and tax on profit on ordinary activities	(463)	(653)
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(170)	(161)
	<hr/>	<hr/>
Total deferred tax	(170)	(161)
	<hr/>	<hr/>
Total tax on profit on ordinary activities	(633)	(814)
	<hr/>	<hr/>

5. Earnings per share

	2013	2012
	£000	£000
Profit attributable to shareholders being profit after taxation	4,239	2,363
	<hr/>	<hr/>
	No.	No.
Weighted average number of shares in issue for basic calculation ('000)	39,087	36,367
Deemed issue of potentially dilutive shares ('000)	2,452	1,706
	<hr/>	<hr/>
Weighted average number of shares in issue for diluted calculation ('000)	41,539	38,073
	<hr/>	<hr/>
Earnings per share (pence)		
- basic	10.85	6.50
- fully diluted	10.20	6.22
	<hr/>	<hr/>

6. Reconciliation of operating profit to net cash inflow from operating activities

	2013 £000	Restated 2012 £000
Operating profit	4,867	3,220
Amortisation of capitalised development costs and goodwill	205	168
Depreciation charges	119	83
Loss / (profit) on disposal of fixed assets	1	(11)
Exchange differences	(26)	12
Share-based payment expense	15	19
Movement in debtors	(680)	(2,620)
Movement in stock	(2,267)	(480)
Movement in creditors	(219)	2,022
Movement in provisions – excluding deferred tax	209	(19)
	<hr/>	<hr/>
Net cash inflow from operating activities	2,224	2,394

7. Analysis of net cash

	At beginning of year £'000	Cash flows £'000	At end of year £'000
Cash at bank and in hand	6,226	(999)	5,227

8. Provisions for liabilities

	Deferred tax £'000	Warranty provisions £'000	Total £'000
As at 1 January 2013 – as previously stated	523	-	523
Restatement	-	525	525
As at 1 January 2013 – as restated	<hr/> 523	<hr/> 525	<hr/> 1,048
Charged to profit and loss account	170	1,062	1,232
Utilised within the year	-	(853)	(853)
Balance at 31 December 2013	<hr/> 693	<hr/> 734	<hr/> 1,427

Provisions for liabilities in 2012 have been restated to include specific warranty provisions of £0.5m which were included within Creditors falling due within one year in 2012, to ensure comparability.

9. Related party: Jarden Corporation

Jarden Corporation and its subsidiaries and associates (collectively referred to as “Jarden”) are related parties of the Group following Jarden’s purchase in 2010 of a 29.9% interest in the ordinary share capital of Sprue Aegis and the appointment of a Jarden nominated non-executive director, Tom Russo, to the Sprue Aegis plc board in September 2012. At the year end, Jarden’s interest in the share capital of the Company was 26.6% (2012: 27.6%).



Jarden, which includes BRK Brands, is the largest supplier by value to the Group.

2013 net purchases from Jarden amounted to £22.2m (including the distribution fee of £4.16m). 2012 net purchases were £18.4m (including the distribution fee of £4.16m). At the year end, net Jarden creditors amounted to £6.1m (2012: £6.1m).

10. Financial information

The final results do not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but is derived from the statutory financial statements for the years ended 31 December 2013 and 31 December 2012.

The final results have been prepared on the same basis as will be set out in the statutory financial statements for the year ended 31 December 2013.

The final results were approved for issue by the Board of Directors on 11 April 2014.

The statutory financial statements for the year ended 31 December 2013 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory financial statements for the year ended 31 December 2012 for Sprue Aegis plc, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of the statutory financial statements are also available from Sprue Aegis plc's head office: Vanguard Centre, Sir William Lyons Road, Coventry, CV4 7EZ, or via the websites www.sprue.com or www.sprueaegis.com.