22 September 2014

Sprue Aegis plc
("Sprue", the "Company" or the "Group")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Sprue designs and sells innovative market leading smoke and carbon monoxide ("CO") alarms, wireless products and other safety related products and is one of Europe's largest suppliers of such under its brands of FireAngel, AngelEye and Pace Sensors, and the BRK brands of First Alert, BRK and Dicon. Sprue is pleased to announce its unaudited interim results for the six months ended 30 June 2014 ("H1 2014").

Financial highlights

- Record first half performance with revenue up 11.2% to £23.8m (H1 2013: £21.4m)
- Record profit from operations (pre-exceptional)* up 24.5% to £2.7m; reported profit from operations £2.1m (H1 2013: £1.7m)
- Basic EPS (pre-exceptional)* up 33.6% to 6.20 pence per share (H1 2013: 4.64 pence per share)
- H1 2014 tax charge reduced by £0.5m (H1 2013: £0.1m) following the exercise of 1.4m share options where the Company received a tax deduction equivalent to the difference between the option price and market price of options exercised in the period
- Gross margin before the fixed £2.0m BRK distribution fee (H1 2013: BRK fee £2.0m) was marginally lower at 37.4% (H1 2013: 38.3%) principally due to the net impact of exchange rates
- Excluding exceptional costs*, return on sales improved from 9.9% to 11.1%
- Balance sheet remains strong with net cash of £11.7m (H1 2013: £3.9m) and no debt
- Board has declared a maiden interim dividend of 2p per share payable on 30 October 2014 to shareholders on the register on 10 October 2014
- On track to deliver record results for the year and in line with market expectations

** Exceptional AIM costs of £0.5m in H1 2014 and exceptional bid-defence costs of £0.4m incurred in H1 2013*

Operational highlights

- Extended Sprue's exclusive distribution agreement with BRK on improved terms with a revised distribution fee of £3.5m, £3.0m, £2.9m in each of the 3 years ending 31 December 2017 respectively and with improved credit terms from DTL, Sprue's principal smoke detector supplier from 1 April 2015
- Move to AIM successfully completed on 30 April 2014 and, at the same time, the Company raised £8.0 million by way of a placing of new shares with institutional investors at £2.00 each
- Continental Europe performed ahead of management expectations primarily driven by increased smoke detector sales into Germany and France; the order book for France is currently at record levels
- Nano-905, the miniaturised version of the Group's CO sensor, has finished certification testing and can be included in finished CO alarms for sale in H2 2014
- Testing of the Group's new range of products for the UK Trade market is largely completed with major new products due to be launched in H2 2014 and H1 2015
- Sprue's connected home trial which was announced in March 2014, is progressing well; 2014 revenues attributable to the trial will be negligible

Graham Whitworth, Chairman & Group CEO of Sprue, commented:

"We were delighted with the Company's recent move to AIM which was successfully completed on 30 April 2014 and I would like in particular to thank our Group Finance Director, John Gahan, who led the AIM flotation process on behalf of the Company, for his efforts. At the same time, in order to strengthen the Company's balance sheet and provide working capital for expansion, £8.0m of new equity was placed with institutional investors at £2.00 per share; cash at the half year was £11.7m with no debt in the business.

As announced on 21 March 2014, we were extremely pleased to have extended our exclusive right to distribute the BRK Brands products in Europe for a further three years from 1 April 2015. This agreement consolidates Sprue's position as the leading home safety products supplier in Europe and is a good deal for the Company and all stakeholders.

We are pleased to report another half year of record sales up 11.2% to £23.8m and record profit from operations up 24.5% to £2.7m. Total sales were broadly in line with management expectations and were underpinned by the outperformance of Germany and France partially offset by a slower sales performance in UK Retail caused by customer inventory reduction initiatives and reduced level of CO awareness campaigns and promotions generally. UK Trade sales were 19% ahead of the same period last year and the Trade business unit is well placed to capitalise from the imminent launch of a brand new range of products designed specifically for the UK Trade sector.*

Our order book is at record levels extending out to 2015, helped in particular by strong demand for our smoke alarm products in France ahead of the introduction of new legislation in March 2015 which requires all domestic properties in France to fit at least one working smoke alarm.

Barriers to entry to our market remain high with extensive certification testing required before products can be sold. Sprue has directed considerable resources into product development, from which we are yet to fully realise our investment. Our current product pipeline of new products has never been so strong and we have a number of key new products that will be launched over the next 12 months which will significantly enhance our competitive position, particularly in UK Trade. We are also pleased that the miniaturised version of our CO sensor, Nano-905 has passed final testing and can be fitted into finished products later this year.

We are excited about the potential of Sprue's "connected home" trial which is due to start shortly and will allow us to connect and remotely monitor our market leading wireless smoke and CO products over the internet. The market potential of Sprue's connected home product offering looks highly promising although the market is still in its infancy.

The Board is pleased to declare a maiden interim dividend of 2p per share payable on 30 October 2014 to shareholders on the register on 10 October 2014.

Sprue is on track to deliver record results for the year and in line with market expectations."

**before exceptional items of £0.5m in H1 2014 and £0.4m in H1 2013*

- Ends -

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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 Group 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 Group 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 Group 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 Group 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 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.

SPRUE AEGIS

OUR BRANDS

Sold under six complementary brands, Sprue's range of products is comprehensive, allowing the Group to tailor the range of smoke alarms, CO alarms and accessories 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 the range of First Alert products 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.

SPRUE AEGIS

Financial report

Results

Total revenue for H1 2014 increased by 11.2% to £23.8m (H1 2013: £21.4m) helped in particular by the strong performance of Germany and France.

Gross margin (before taking account of the fixed £2.0m BRK distribution fee) decreased slightly to 37.4% (H1 2013: 38.3%) and includes a £0.5m adverse impact from Sterling/Euro exchange rates compared to H1 2013 (which equates to around 200 basis points of margin), broadly offset by the purchasing benefit from the strengthening of Sterling against the US Dollar.

Profit from operations (pre-exceptional)* increased by 24.5% to £2.7m (H1 2013: £2.1m) reflecting the strong operational leverage in the business and tight control over fixed costs. The Group's model of outsourcing manufacturing to third parties and retaining the design, sale and distribution of products is highly scaleable and return on sales (pre-exceptional)* increased to 11.1% (H1 2013: 9.9%). Fixed costs as a percentage of sales in H1 2014 reduced to 17.8% (H1 2013: 18.9%) towards the Group's long term target fixed costs ratio of 15% of sales.

Basic EPS (pre-exceptional)* increased by 33.6% to 6.20 pence per share (2013: 4.64 pence per share) whilst reported basic EPS increased 37% at 4.96 pence per share (2013: 3.62 pence per share). Excluding the impact of the tax deductibility of exercised share options, Sprue's tax charge in H1 2014 would have been higher by £0.5 million (H1 2013: £0.1m).

Sprue continues to invest in product development and capitalise costs which meet the relevant criteria. The net book value of capitalised product costs at H1 2014 was £3.8m (H1 2013: £2.7m). Product development costs are typically amortised over a period of 7 to 10 years.

Net working capital as a percentage of annualised sales increased slightly from 11.7% to 14.1% reflecting slower than expected Retail and U&L sales where stock holding levels are more onerous. Overall, net working capital increased by £1.6m or 30% compared to H1 2013 with sales up 11.2% in the same period.

In April 2014, net of expenses, Sprue raised £7.2m from the placing of 4 million ordinary shares at £2.00 per share at the same time as the move to AIM which contributed to the increase in cash at H1 2014 to £11.7m (H1 2013: £3.9m). We expect cash generation to gradually improve as inventory levels normalise and the impact of improved credit terms from our supplier, BRK Brands take effect from April 2015.

The Board is pleased to declare a maiden interim dividend of 2p per share payable on 30 October 2014 to shareholders on the register on 10 October 2014.

**before exceptional items of £0.5m in H1 2014 and £0.4m in H1 2013*

SPRUE AEGIS

Extension of exclusive European distribution agreement with BRK Brands Europe Limited ("BRK Brands") and its ultimate parent company, Jarden Corporation ("Jarden")

As announced on 21 March 2014, Sprue 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 secured improved manufacturing terms from Detector Technologies Limited ("DTL"), a Jarden company, which supplies Sprue's own-brand 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, removing foreign exchange rate risk on these purchases which are currently in USD; and

- Fixed product prices for two years from 1 January 2014.

Revenue by business unit

The table below summarises the reported revenue for each business unit and Pace Sensors along with the growth rate compared to the comparable period last year. At like for like exchange rates, the Sterling value of Euro revenue in H1 2014 would have been £0.5m higher than reported.

	Reported revenue		Growth
	H1 2014 £000	H1 2013 £000	H1 2014 %
Continuing sales			
Continental Europe	10,932	7,803	40%
Retail	4,359	4,940	(12%)
Trade	3,142	2,648	19%
Fire & Rescue Services	3,328	3,173	5%
Utilities and Leisure	1,102	1,294	(15%)
Pace Sensors	973	1,584	(39%)
Total revenue	23,836	21,442	11%

The principal changes in revenue are as follows:

- Strong growth in smoke detector sales in Germany and France helped increase total sales into Continental Europe by 40%; CO market penetration levels in these markets remain very low compared to the UK
- Retail inventory reduction initiatives combined with reduced CO promotional activity and awareness campaigns reduced total sales to UK retailers by 12%
- Strengthening of the UK housing market, the launch of a ten year CO alarm and a stronger UK Trade sales team presence helped increase total UK Trade sales by 19%
- Despite the UK coalition government budget cuts, Sprue enjoyed a 20% increase in sales of Wi-Safe products sales to the UK Fire Rescue Services ("UKFRS") with total sales to this sector up 5%
- Utilities and Leisure sales declined by around £0.2m with slightly slower than expected CO sales
- Sales of CO sensors by Pace Sensors sales declined 39% and were adversely impacted by slower than expected CO detector sales in the UK; production output at Pace Sensors has been "right sized" to meet current demand

Outlook

The management team remains focused on generating long term shareholder value by building leading positions in each of the markets that we serve.

We continue to invest in our brands and in product innovation and technology to expand and improve our product range, improve margins and enhance our competitive position in each of the markets that we serve. Our business model remains highly scaleable.

Sprue is on track to deliver record results for the year and in line with market expectations.

SPRUE AEGIS

Condensed statement of consolidated comprehensive income for the six months ended 30 June 2014

	NOTES	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Revenue	3	23,836	21,442	48,357
Cost of sales		(16,936)	(15,254)	(34,320)
Gross profit		6,900	6,188	14,037
Distribution costs		(408)	(332)	(601)
Administrative expenses*		(4,361)	(4,122)	(8,357)
Profit from operations		2,131	1,734	5,079
Finance income		16	7	5
Profit before tax		2,147	1,741	5,084
Income tax expense	4	(99)	(346)	(946)
Profit attributable to the owners of the parent		2,048	1,395	4,138
Other comprehensive income, net of tax:				
Foreign exchange gains and losses on overseas subsidiaries		(4)	(11)	(38)
Total comprehensive income attributable to the owners of the parent		2,044	1,384	4,100
Earnings per share	5			
From continuing operations:				
Basic		4.96	3.62	10.58
Diluted		4.88	3.38	10.24

Notes

1. *Administrative expenses include exceptional AIM costs of £0.5m in H1 2014 and exceptional hostile bid defence costs of £0.4m in H1 2013.

2. All amounts stated relate to continuing activities.

3. Comparatives for the year ended 31 December 2013 are as set out in the AIM admission document published 24 April 2014

SPRUE AEGIS

Condensed statement of consolidated financial position as at 30 June 2014

	NOTES	(Reviewed) As at 30 June 2014 £000	(Reviewed) As at 30 June 2013 £000	(Audited) As at 31 Dec 2013 £000
ASSETS				
Non-current assets				
Intangible assets		3,792	2,700	3,197
Property, plant and equipment		471	311	436
Deferred tax assets		183	192	292
		4,446	3,203	3,925
Current assets				
Inventories		7,994	7,472	7,670
Trade and other receivables		10,704	9,901	10,393
Derivative financial assets	10	72	113	307
Cash and cash equivalents	13	11,700	3,866	5,227
		30,470	21,352	23,597
TOTAL ASSETS		34,916	24,555	27,522
LIABILITIES				
Current liabilities				
Trade and other payables		(11,288)	(11,746)	(10,860)
Provisions		(502)	(324)	(734)
Derivative financial liabilities	10	(72)	(74)	(95)
		(11,862)	(12,144)	(11,689)
Non-current liabilities				
Deferred tax liabilities		(805)	(601)	(736)
TOTAL LIABILITIES		(12,667)	(12,745)	(12,425)
NET ASSETS		22,249	11,810	15,097
EQUITY				
Share capital	7	909	787	801
Share premium		12,003	3,962	4,123
Foreign exchange reserves		(52)	(21)	(48)
Retained earnings		9,389	7,082	10,221
TOTAL EQUITY		22,249	11,810	15,097

SPRUE AEGIS

Condensed statement of consolidated changes in equity for the six months ended 30 June 2014

	Share capital £000	Share premium £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2013	771	3,822	(10)	7,293	11,876
Profit for the six months	-	-	-	1,395	1,395
Foreign exchange gains and losses from overseas subsidiaries	-	-	(11)	-	(11)
Total comprehensive income for the six months	771	3,822	(21)	8,688	13,260
Transactions with owners in their capacity as owners:-					
Dividends	-	-	-	(1,573)	(1,573)
Issue of shares	16	140	-	-	156
Total transactions with owners in their capacity as owners	787	3,962	(21)	7,115	11,843
Share-based payment charge	-	-	-	7	7
Deferred tax debit on share-based payment charge	-	-	-	(40)	(40)
Balance at 30 June 2013	787	3,962	(21)	7,082	11,810

	Share capital £000	Share premium £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2014	801	4,123	(48)	10,221	15,097
Profit for the six months	-	-	-	2,048	2,048
Foreign exchange gains and losses from overseas subsidiaries	-	-	(4)	-	(4)
Total comprehensive income	801	4,123	(52)	12,269	17,141
Transactions with owners in their capacity as owners:-					
Dividends	-	-	-	(2,729)	(2,729)
Issue of shares	108	7,880	-	-	7,988
Total transactions with owners in their capacity as owners	909	12,003	(52)	9,540	22,400
Share-based payment charge	-	-	-	40	40
Deferred tax debit on share-based payment charge	-	-	-	(191)	(191)
Balance at 30 June 2014	909	12,003	(52)	9,389	22,249

SPRUE AEGIS

Condensed statement of consolidated cash flows for the six months ended 30 June 2014

	Note	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Operating activities				
Cash (used by)/generated from operations		(361)	(1,472)	2,224
Income taxes paid		(284)	(461)	(631)
Net cash (used by)/generated from operating activities		(645)	(1,933)	1,593
Investing activities				
Purchase of intangible assets		(757)	(397)	(1,016)
Purchase of property, plant and equipment		(125)	(204)	(338)
Interest received		16	7	5
Net cash used in investing activities		(866)	(594)	(1,349)
Financing activities				
Proceeds from issuance of ordinary shares		7,988	156	330
Dividends paid		-	-	(1,573)
Net cash generated from/ (used in) financing activities		7,988	156	(1,243)
Net increase/(decrease) in cash and cash equivalents		6,477	(2,371)	(999)
Cash and cash equivalents at beginning of period		5,227	6,226	6,226
Effect of foreign exchange rate changes		(4)	11	-
Cash and cash equivalents at end of the period	13	11,700	3,866	5,227

Notes to the interim financial statements

1. General information

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

This consolidated interim financial information has been reviewed, not audited.

2. Accounting policies

Basis of preparation

The annual financial statements of Sprue Aegis plc are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies adopted in the preparation of the condensed consolidated interim information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2013 except where disclosed otherwise in this note.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group was described in the 2013 financial statements, including exposure to foreign exchange rate fluctuation, in particular the strength of Sterling relative to the US Dollar and Euro. It is anticipated that the risk profile will not significantly change for the remainder of the year. Risk is an inherent part of doing business and the strong cash position of the Group, along with the underlying profitability of the core business, leads the Directors to believe that the Group is well placed to manage business risks successfully.

Going concern

The Group's forecasts and projections, taking account of reasonably predictable changes in trading performance, support the conclusion that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, the going concern basis has been adopted in preparing the interim financial information.

New standards, amendments and interpretations

The following new standards and amendments have been applied for the first time during the year commencing 1 January 2014:

- IFRS 13 'Fair value measurement' measurement and disclosure requirements are applicable for the financial year commencing 1 January 2014. The Group has included the relevant disclosure requirements within note 10.
- Amendments to IAS 1 'Presentation of financial statements' are applicable for the financial year commencing 1 January 2014. The Group has included the relevant disclosure requirements within the interim financial statements.
- In addition, IFRS 10 'Consolidated financial statements' is applicable for the financial year commencing 1 January 2014 but has not had a material impact on the Group.

There are no new standards that have been issued but are not yet effective for the financial year commencing 1 January 2014, that are expected to have a material impact on the Group.

3. Operating segments

Sprue sells and distributes home safety products and accessories in the UK, Continental Europe and certain other countries and undertakes relatively limited manufacturing and assembly activities in Canada. Its customers are mainly based in Europe.

Financial information is reported to the board on a consolidated basis with revenue and operating profits stated for the Group.

Segmental revenues for each of the Group's business units, and comprising net sales to external customers, is the only financial information reported to the Board at this business-unit level. Business unit reporting excludes any information below net revenue and excludes gains arising on the disposal of assets and finance income, which are reported on a consolidated basis.

All assets are consolidated on a Group basis and reported as such to the Board.

	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Revenue from continuing operations			
Business Units:			
Europe	10,932	7,803	18,630
Retail	4,359	4,940	11,720
Trade	3,142	2,648	5,563
Fire & Rescue Services	3,328	3,173	7,000
Utilities and Leisure	1,102	1,294	2,385
Pace Sensors	973	1,584	3,059
Total revenue from external customers	23,836	21,442	48,357

The Retail, Europe, Trade, Fire & Rescue Services and Utilities and Leisure business units earn revenue from the sale of smoke and carbon monoxide detectors and related accessories to end customers.

Pace Sensors Limited earns revenue from the manufacture and sale of carbon monoxide sensors to a third party fitting into finished detectors for sale to Group.

In H1 2014, total revenue of £8.5m (H1 2013: £7.1m; year ended 31 December 2013: £18.7m) were derived from 2 (H1 2013: 2, and year ended 31 December 2013: 2) external customers, each of which contributed over 10% of total external revenue of the Group. One of these two customers is attributable to the Retail business unit and the other is attributable to the Continental Europe business unit.

An analysis of the Group's revenue is as follows:

	(Reviewed) Six months ended 30 June 2014 £000	**(Reviewed)** Six months ended 30 June 2013 £000	**(Audited)** Year ended 31 Dec 2013 £000
Continuing operations:			
United Kingdom	11,931	12,055	26,668
Continental Europe and Rest of World	11,905	9,387	21,689
	23,836	21,442	48,357

Non-current assets, excluding deferred tax assets, for UK and overseas territories are shown as follows:

	(Reviewed) Six months ended 30 June 2014 £000	**(Reviewed)** Six months ended 30 June 2013 £000	**(Audited)** Year ended 31 Dec 2013 £000
Continuing operations:			
UK	4,031	2,870	3,461
Canada	232	141	172
	4,263	3,011	3,633

4. Income tax

The major components of income tax (credit) / charge in the income statement are as follows:

	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Current tax			
UK corporation tax (credit) / charge	(62)	180	769
UK – Adjustments in respect of prior periods charge / (credit)	107	-	(81)
Foreign tax (credit) / charge	(7)	92	88
	38	272	776
Net deferred tax	61	74	170
Income tax expense	99	346	946

Corporation tax for the six month period to 30 June 2014 is charged at 22.0% (six months ended 30 June 2013: 23.0%, year ended 31 December 2013: 23.0%) and represents management's best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period. This effective tax rate reflects the receipt of R&D tax credits that result in a tax deduction for the Group.

The UK government announced a reduction in the standard rate of the UK corporation tax to 21% effective 1 April 2014 and a further reduction to 20% effective 1 April 2015, both of which were substantively enacted in January 2014.

SPRUE AEGIS

5. Earnings per share

The calculation of basic and diluted EPS is based upon the following data:

Earnings from continuing operations	**(Reviewed) Six months ended 30 June 2014 £000**	**(Reviewed) Six months ended 30 June 2013 £000**	**(Audited) Year ended 31 Dec 2013 £000**
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the parent)	2,048	1,395	4,138
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	42,123	38,752	39,087
Effect of dilutive potential ordinary shares:			
Deemed issue of potentially dilutive shares	709	2,781	1,471
Weighted average number of ordinary shares for the purposes of diluted earnings per share	42,832	41,533	40,558

Basic EPS is calculated by dividing the earnings attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment to the weighted average shares in issue to reflect the effect of all potentially dilutive share options. The number of potentially dilutive share options is derived from the number of share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

SPRUE AEGIS

Adjusted earnings per share from continuing operations

The calculation of the adjusted basic and diluted earnings per share is based on the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share and the following adjusted earnings:

Adjusted Earnings	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Earnings from continuing operations for the purposes of basic earnings per share	2,048	1,395	4,138
Share-based payment expense	40	7	15
Adjusted earnings from continuing operations for the purposes of basic earnings per share	2,088	1,402	4,153

	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Adjusted Basic Earnings per Share (pence)	4.96	3.62	10.58
Adjusted Diluted Earnings per Share (pence)	4.88	3.38	10.24

6. Goodwill

	£000
Deemed cost of goodwill upon IFRS transition and carrying value at 30 June 2014	169

The recoverable amount of each cash generating unit has been determined, at each year end, based on value in use calculations. These calculations use pre-tax cash flow projections over the next three years which are based on the budgets/strategy plans used by senior management to monitor the financial projections of the business.

Cash flows beyond the budgeted three year period are extrapolated using the estimated growth rates per the table below. In accordance with IAS 36, the growth rates beyond the budgeted three year period do not exceed the long-term average growth rate for the industry.

	Pace Sensors
Carrying value of goodwill £000	169
The key assumptions applied in the calculations were:	
Gross margin (%)	30%
Growth rate (%)	2%
Discount rate (%)	10%

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Gross margin over the next three years has been estimated based on past performance of each product line taking into account the anticipated changes in sales mix and future trading conditions. The sales mix takes into account estimated future revenue from current customer contracts as well as anticipated future demand from existing and potential new customers. It has been assumed that overhead costs and asset replacements will continue broadly at the same or slightly above the levels in the current year as there are expansion projects in the board's plans in the short term. Cash flows have been derived from future earnings based on assumptions that key suppliers will be paid within the credit periods provided and that customers will continue to take the same length of time to pay as they have in the current period. Stock holding levels will continue to be monitored to ensure that sufficient levels are retained to meet demand.

The Group performs an annual test for goodwill impairment or more frequently if there are any indications that goodwill might be impaired. No indications that goodwill might be impaired were noted at the date of these interim financial statements.

7. Share capital

	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Authorised:			
100,000,000 Ordinary shares of 2p each	2,000	2,000	2,000
Issued and Fully Paid Ordinary shares of 2p each:			
As at 1 January	801	771	771
Issue of share capital in respect of admission to AIM	80	-	-
Issue of share capital in respect of share options exercised	28	16	30
As at 30 June	909	787	801

The Company has one class of ordinary shares which carry no rights to fixed income.

On 30 April 2014, the company granted 1.46m employee share options at an exercise price of £2.00 per share. The share options vest evenly over 3 years and are exercisable for 10 years from the date of grant. For the six months ended 30 June 2014, the share based payment charge of £0.1m is attributable to these share options and is included within administrative expenses in the Consolidated Income Statement.

8. Dividends

In respect of the year ended 31 December 2013, the directors recommended a dividend of 6.0 pence per share be paid on 4 July 2014 to those shareholders on the register on 20 June 2014. This dividend was approved by shareholders at the Annual General Meeting on 3 June 2014 and is included as a liability in these financial statements. The total dividend paid was £2.7m.

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9. Foreign currency

The Group continues to generate significant amounts of Euros in excess of its EURO payments and has hedging arrangements in place to reduce its exposure to the cost of purchasing US Dollars.

The Group utilizes currency derivatives to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At the period end, the total notional amounts of outstanding foreign exchange forward contracts that the Group has committed to are as below:

	Euros	
	Sell €000	**Average rate**
Six months ended 30 June 2014	10,300	1.366
Year ended 31 December 2013	9,100	1.354

An analysis of the foreign currency components of revenue and cost of sales, together with average exchange rates used in the period is given in the table below:

	Average exchange rates used for revenue		**Average exchange rates used for cost of sales**	
	H1 2014	**H1 2013**	**H1 2014**	**H1 2013**
US Dollar	1.668	1.544	1.668	1.544
Euro	1.216	1.176	1.216	1.176
Canadian Dollar	1.829	1.569	1.829	1.569

10. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements as at 31 December 2013. There have been no changes to the risk management policies since the year ended 31 December 2013.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the group's financial assets and liabilities that are measured at fair value for the period ended 30 June 2014. All assets and liabilities measured are valued at level 2.

LEVEL 2	**(Reviewed) Six months ended 30 June 2014 £000**	**(Reviewed) Six months ended 30 June 2013 £000**	**(Audited) Year ended 31 Dec 2013 £000**
Assets			
Foreign currency forward contracts	72	113	307
Liabilities			
Other foreign currency forward contracts	(72)	(74)	(95)

Level 2 derivative financial instruments comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market.

The Group's finance department performs the valuations of financial assets required for financial reporting purposes. They report directly to the Group Finance Director ("GFD"). Discussions of valuation processes and results are held between the GFD and the valuation team at least once every six months, in line with the Group's reporting dates.

11. Related parties: Jarden Corporation

Jarden Corporation and its subsidiaries and associates (collectively referred to as "Jarden") are related parties of the Group. At 30 June 2014, Jarden's shareholding in the Company was 23.6% of the Company's issued share capital (H1 2013: 27.1%, 31 December 2013: 26.6%). Jarden has the right to nominate one director for appointment to the Board of the Company and to jointly nominate with the Board, one other director for appointment to the Board of the Company.

Jarden, which includes BRK Brands, is the largest supplier by value to the Group and H1 2014 net purchases from Jarden amounted to £11.2m (including the distribution fee of £2.0m) (H1 2013: £10.6m (including the distribution fee of £2.0m)) and 2013 net purchases were £22.2m (including the distribution fee of £4.16m). At H1 2014, net Jarden creditors amounted to £5.5m (H1 2013: £5.3m, as at 31 December 2013: £6.1m).

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12. Reconciliation of profit before tax to net cash (used in) / generated from operations

Continuing operations	(Reviewed) Six months ended 30 June 2014 £000	(Reviewed) Six months ended 30 June 2013 £000	(Audited) Year ended 31 Dec 2013 £000
Profit before tax	2,147	1,741	5,084
Adjustments for:			
Depreciation of property, plant & equipment	90	50	80
Amortisation of intangible assets	165	93	223
Share-based payment expense	40	7	15
Fair value (gains)/losses on financial instruments	-	(39)	212
Foreign exchange (gains)/losses	(6)	2	1
(Gain)/loss on disposal of property, plant & equipment	-	-	(1)
Finance income	(16)	(7)	(5)
Operating cash flows before movements in working capital	2,420	1,847	5,609
Increase in inventories	(324)	(2,069)	(2,267)
(Increase) in trade and other receivables	(76)	(283)	(748)
(Decrease) in trade and other payables	(2,149)	(766)	(579)
(Decrease) / increase in provisions	(232)	(201)	209
Cash (used in) / generated from operations – continuing operations	**(361)**	**(1,472)**	**2,224**

13. Analysis of net cash

	At beginning of period £000	Cash flows £000	Exchange difference £000	At end of period £000
Cash at bank and in hand	5,227	6,477	(4)	**11,700**

14. Date of approval of interim financial statements

The interim financial statements cover the period 1 January 2014 to 30 June 2014 and were approved by the Board on 19 September 2014. Further copies of the interim financial statements can be accessed on the Sprue Aegis plc investor relations website, www.Sprueaegisplc.com.

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Notes

Reconciliation of consolidated income statement from UK GAAP to IFRS
For the six months ended 30 June 2013

	(Reviewed) Six months ended 30 June 2013 UK GAAP £000	Effect of transition to IFRS £000	(Reviewed) Six months ended 30 June 2013 IFRS £000
Revenue	21,442	-	21,442
Cost of sales	(14,934)	(320)	(15,254)
Gross profit	6,508	(320)	6,188
Distribution costs	(672)	340	(332)
Administrative expenses*	(4,130)	8	(4,122)
Profit from operations	1,706	28	1,734
Finance income	7	-	7
Finance costs	-	-	-
Profit before tax	1,713	28	1,741
Income tax expense	(342)	(4)	(346)
Profit attributable to the owners of the parent	1,371	24	1,395
Other comprehensive income:			
Share-based payment expense	8	(8)	
Foreign exchange gains and losses on overseas subsidiaries	21	(32)	(11)
Total comprehensive income attributable to the owners of the parent	1,400	(16)	1,384
Earnings per share			
From continuing operations:			
Basic	3.47	-	3.62
Diluted	3.34	-	3.38

All amounts stated relate to continuing activities.

*Administrative expenses include exceptional bid-defence costs of £0.4m incurred in the year.

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Reconciliation of consolidated balance sheet from UK GAAP to IFRS
As at 30 June 2013

	(Reviewed) As at 30 June 2013 UK GAAP £000	Effect of transition to IFRS £000	(Reviewed) As at 30 June 2013 IFRS £000
ASSETS			
Non-current assets			
Intangible assets	2,560	140	2,700
Property, plant and equipment	404	(93)	311
Deferred tax assets	-	192	192
	2,964	239	3,203
Current assets			
Inventories	7,472	-	7,472
Trade and other receivables	9,901	-	9,901
Derivative financial assets	-	113	113
Cash and cash equivalents	3,866	-	3,866
	21,239	113	21,352
TOTAL ASSETS	24,203	352	24,555
LIABILITIES			
Current liabilities			
Trade and other payables	(12,069)	324	(11,746)
Current tax liabilities	-	-	-
Provisions	-	(324)	(324)
Derivative financial liabilities	-	(74)	(74)
	(12,069)	(74)	(12,144)
Non-current liabilities			
Deferred tax liabilities	(593)	(8)	(601)
TOTAL LIABILITIES	(12,662)	(82)	(12,745)
NET ASSETS	11,541	270	11,810
EQUITY			
Share capital	787	-	787
Share premium	3,962	-	3,962
Foreign exchange reserves	(21)	-	(21)
Retained earnings	6,813	270	7,082
TOTAL EQUITY	11,541	270	11,810

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Reconciliation of consolidated cash flow statement
For the six months ended 30 June 2013

	(Reviewed) Six months ended 30 June 2013 UK GAAP £000	Effect of transition to IFRS £000	(Reviewed) Six months ended 30 June 2013 IFRS £000
Operating activities			
Cash (used by) / generated from operations	(1,461)	(11)	(1,472)
Income taxes paid	(461)	-	(461)
Net cash (used by)/generated from operating activities	(1,922)	(11)	(1,933)
Investing activities			
Purchase of intangible assets	(397)	-	(397)
Purchase of property, plant and equipment	(201)	-	(201)
Interest received	7	-	7
Net cash used in investing activities	(594)	-	(594)
Financing activities			
Proceeds from issuance of ordinary shares	156	-	156
Net cash generated from financing activities	156	-	156
Net (decrease)/increase in cash and cash equivalents	(2,360)	(11)	(2,371)
Cash and cash equivalents at beginning of period	6,226	-	6,226
Effect of foreign exchange rate changes	-	11	11
Cash and cash equivalents at end of period	3,866	-	3,866

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Responsibility Statement

We confirm to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;

- the Interim management report includes a fair review of the information required by DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

- the Interim management report includes a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period and also any changes in the related party transactions described in the last Annual Report that could do so.

At the date of this statement, the Directors are those listed in the Group's 2013 Annual Report with the exception of Peter Brigham and John Walsh who resigned as board Directors on 30 April 2014, however they remain key operational Directors in the business.

By order of the Board
19 September 2014

Graham Whitworth
Chairman and CEO

John Gahan
Group Finance Director

SPRUE AEGIS

INDEPENDENT REVIEW REPORT TO SPRUE AEGIS PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2014 which comprises the Condensed Statement of Consolidated Comprehensive Income, the Condensed Statement of Consolidated Financial Position, the Condensed Statement of Consolidated Changes in Equity, the Condensed Statement of Consolidated Cash Flows and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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 (UK and Ireland) 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.

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 financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union, and the AIM Rules of the London Stock Exchange.

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

19 September 2014

Notes:

(a) The maintenance and integrity of the Sprue Aegis plc website (www.Sprueaegisplc.com) 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 may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Board of Directors

Executive

G R A Whitworth	*Chairman/Chief Executive*
J Gahan	*Group Finance Director*
N Rutter	*Managing Director*

Non-executive

W J Payne	*Senior Independent Director*
P Lawrence	
A Silverton	
T Russo	

Corporate Directory

REGISTERED NUMBER

3991353

SECRETARY

W J Payne (Non-executive)

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