SPRUE AEGIS

14 September 2015

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

UNAUDITED RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2015

Sprue (“SPRP”) protects, saves and improves its customers' lives by making innovative, leading edge technology simple and accessible. Sprue has significant proprietary technology around sensing smoke, carbon monoxide (“CO”) and wireless with internet connectivity. Sprue designs and sells smoke and CO alarms and other safety products and accessories under its brands of FireAngel, AngelEye, SONA, FireAngel Pro and Pace Sensors. Sprue also sells the smoke and CO products of BRK Brands Europe Limited (“BRK Brands”) and is the exclusive European distributor for BRK Brands. Sprue is pleased to announce its unaudited interim results for the 6 months ended 30 June 2015 (“H1 2015”).

Financial highlights

- Revenue more than doubled to £56.5m (H1 2014: £23.8m)
- Operating profit pre-share based payments charge more than tripled to £9.0m (H1 2014: £2.7m*)
- At H1 2014 exchange rates, H1 2015 operating profit (pre-share based payments charge) would have been approximately £6.1m higher at £15.1m
- Gross margin** reduced by 8.4% to 29.0% (H1 2014: 37.4%) principally due to the impact of the strength of Sterling against the Euro and to a far lesser extent, Sterling’s weakness against the US Dollar
- Basic EPS increased 247% to 16.9p per share (H1 2014: 4.9p)
- Strong balance sheet with net cash as at 30 June 2015 of £28.9m (30 June 2014: £11.7m) and no debt
- Interim dividend declared of 2.5p per share, a 25% increase (H1 2014: 2.0p per share)
- Subject to no significant net adverse foreign exchange rate movements between Sterling and each of the Euro and the US Dollar, the Group is on track to deliver full year results in line with market expectations

** Stated before impact of exceptional AIM costs of £0.5m in H1 2014*
***Gross margin is stated before the BRK distribution fee of £1.8m (H1 2014: £2.0m)*

Operational highlights

- France significantly out-performed both H1 2014 and management expectations for H1 2015
- Germany also performed well contributing to the overall sales increase
- UK sales increased 8% on H1 2014 helped by growth in UK Fire & Rescue Services revenue which included £2.3m of sales funded by the Department of Communities and Local Government
- Plan to relocate CICAM’s operations to a nearby facility by 31 December 2015 is on track; Sprue is targeting two months’ additional buffer stocks to mitigate against the risk of potential disruption
- Appointed master UK distributor to sell Innohome’s cooker shut off products
- Commenced sale of an entirely new range of mains powered products branded “SONA” to UK Trade market
- Commenced supply to Sainsbury’s of new range of smoke and CO detectors and accessories branded AngelEye
- Board changes
    - Neil Smith joined Sprue in February 2015 as the new Group CEO and was appointed to the Board in June 2015
    - Graham Whitworth relinquished the Group CEO role in February 2015 and is now solely Executive Chairman
    - John Shepherd joined the Board as a Non-Executive Director in April 2015
    - Peter Lawrence retired from the Board as a Non-Executive Director in June 2015

Graham Whitworth, Executive Chairman, commented:

"Despite significant foreign exchange headwinds in the Eurozone with Sterling, in particular strengthening against the Euro and weakening against the US Dollar compared to H1 2014, I am delighted to report record first half trading results for Sprue. Sales have more than doubled to £56.5m (H1 2014: £23.8m) and operating profit before share based payment charge and exceptional items has more than tripled to £9.0m (H1 2014: £2.7m). Net cash at the half year increased significantly to £28.9m (H1 2014: £11.7m) and the Group has no debt.*

As previously announced, Neil Smith was appointed as Group Chief Executive in February 2015. Neil subsequently joined the Board in June 2015 and I am delighted with the new strategic plan which Neil has led from inception. The plan which has been approved by the Board and been presented to the staff is set out in outline later in this announcement. The new plan provides an excellent platform for further growth in shareholder value.

I am also pleased that we managed to secure the services of John Shepherd as a Non-Executive Director in April 2015. John effectively replaces Peter Lawrence who retired from the Board in June of this year in accordance with the statement made in the Company's AIM admission document published on 24 April 2014.

Continental Europe continues to offer significant sales opportunities for the Group. While sales into France are softening, the 10 year product replacement cycle in Germany is about to start and, in addition, two German states with approximately 10 million homes are required by law to fit smoke alarms before 31 December 2017. German customers typically seek increased levels of product technology with wireless connectivity and, therefore, the sales value of replacement product sales is potentially significantly higher than the value of previous sales.

Actions are underway to relocate the manufacturing activities of CICAM, Jarden's majority owned manufacturing facility in China, which supplies 100% of the Group's Sprue and BRK smoke alarms, together with the Group's BRK carbon monoxide ("CO") alarms. I am pleased to report that the relocation plan is on track.

Despite some set up issues, production of our new fully certified range of mains powered SONA branded smoke and carbon monoxide products and accessories designed for the UK Trade market, incorporating Sprue's own Thermoptek, Thermistek and Wi-Safe 2 technology, is being ramped up and is expected to go into full scale production before the end of the year. Over time, we expect to secure a major foothold in the UK Trade sector with this exciting new range of market leading mains powered products.

The trial to wirelessly connect Sprue's home safety products to the internet using Sprue's own Wi-Safe 2 technology is ongoing and opportunities for potential revenue are highly encouraging. We are working to commercialise our first connected ("internet of things") product offering which will allow remote monitoring of our products over the internet. In addition, we have an exciting array of other new products under development which will expand our addressable markets. The strengthening of the technical team over the next twelve months adding around 12 new engineers – almost doubling its size – will bring greater certainty to Sprue's revenue from new products and emerging markets.

If we could identify an acquisition that would strengthen our strategic and market position to drive long term shareholder value by enhancing our technology and product offering and / or accelerating incremental revenue and profit opportunities, we would pursue it. However, I can assure shareholders that the Board will apply strict acquisition hurdle criteria before approving any such acquisition and, in the meantime, we will continue to maintain our significant cash reserves.

The Board reconfirms its progressive dividend policy and, as indicated in the trading update on 13 July 2015, the Board is pleased to declare an interim dividend of 2.5 pence per share (a 25% increase on the 2014 maiden interim dividend) which is payable on 30 October 2015 to shareholders on the register on 16 October 2015.

Subject to there being no significant net adverse foreign exchange movements, the Board expects results for the year ending 31 December 2015 to be in line with market expectations."

**before exceptional items of £0.5m in H1 2014*

– Ends –

For further information, please contact:

Sprue Aegis plc 02477 717700
Graham Whitworth, Executive Chairman
Neil Smith, Group Chief Executive
John Gahan, Group Finance Director

Westhouse Securities 0207 601 6100
Tom Griffiths

Notes to Editors

About Sprue Aegis plc

Sprue's mission is to protect, save and improve our customers' lives by making innovative, leading edge technology simple and accessible.

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. Sprue has patented its technology in Europe, the US and other selected territories.

The introduction of new technologically advanced products and new safety products legislation in the UK and 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 its CO alarms. All other manufacturing and product assembly is outsourced to two principal third party contract manufacturers in China, one of which is Jarden Corporation which owns 23.6% of the Group and Pace Technology Limited which is independent from Jarden Corporation.

Sprue enjoys a leading sales footprint in UK Retail and is a major supplier to the UK's Fire & 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 well established business in Continental Europe mainly selling through a network of independently owned third party distributors and some sales direct to customers.

The Group has won a number of prestigious Sunday Times Virgin *Fast Track 100* Awards, which recognises the 100 fastest growing companies in the UK. Sprue's head office is in Coventry and it has a second office in Gloucester. Warehousing is located in Cambridge and Gloucester.

Sprue's range of products is comprehensive, allowing the Group to tailor a range of smoke alarms, CO alarms and accessories to suit its customer needs at various price points under the following brands:

- **FireAngel.** A market-leading and innovative battery operated alarm principally targeted at UK Retail and UK F&RS
- **AngelEye.** Launched in 2012, Sprue sells smoke alarms and CO detectors principally into the French market under the AngelEye brand. AngelEye has become a leading brand targeted at the DIY channel in France
- **SONA.** A new, low power mains powered range of smoke and heat alarm products plus CO detection that are market leading and which can be wirelessly interconnected with up to 50 products on a single network
- **FireAngel Pro.** Mains-powered smoke alarm with a 10 year, sealed for life lithium battery back-up. Modern design, quick fitting, tamper-proof mounting plate which locks the alarm head securely in place. Mounting plate has wide, easily accessible connection to the mains feed. Cable knock-out allows for compatibility with YT2 cable trunking
- **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

Sprue has the exclusive rights to distribute the products and brands of BRK Brands (a subsidiary of Jarden Corporation) in Europe namely, First Alert, BRK and Dicon. First Alert is one of the leading safety products brands in North America.

For further product information, please visit: www.sprue.com.

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Group Chief Executive's Statement

Following my appointment as Group Chief Executive in February this year, the leadership team and I have completed a review of Sprue's strategy and business with the conclusion that we are in a strong position and operate in very attractive markets. However, we have identified that some changes need to be made to deliver Sprue's full potential within a broader context and the future opportunities available in particular based upon our Connected Home proposition.

Our growth strategy is built upon:

- Organic growth by extending our market penetration in existing markets through our strong brand portfolio and new technology featuring additional customer features and benefits;
- Entering into new European markets;
- Continuous improvement to deliver best ever quality and service; &
- Accelerating our Connected Home proposition.

Supporting our strategy, we have developed certain principles and processes which aim to increase efficiency and reduce our time to market, including:

- A strengthened organisational structure with additional, targeted resource;
- The creation of a new Business Unit with focused expertise to launch our Internet of Things proposition;
- A marketing strategy with increased emphasis on digital and own brand development;
- A new product road map which ensures we are focused on delivering solutions which have the greatest benefit to our customers and shareholders; &
- A new financial reporting regime utilising our existing strong IT infrastructure.

In summary, the European home safety market has huge potential. We have already started to make changes with the appointment of new engineers plus the creation of a Connected Home team.

I am delighted to have joined Sprue at this exciting stage of its development and look forward to working with the Board and the rest of my colleagues to deliver long term profitable growth and enhance shareholder value.

Neil Smith
Group Chief Executive

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Financial report

Trading results

Revenue for H1 2015 more than doubled to £56.5m (H1 2014: £23.8m) helped in particular by the strong sales into France and to a lesser extent, Germany.

Operating profit pre-share based payment charge more than tripled to £9.0m (H1 2014: £2.7m*). At like for like exchange rates with H1 2014, H1 2015 operating profit pre-share based payments charge would have been approximately £6.1m higher at £15.1m.

Gross margin** in H1 2015 reduced by 8.4% to 29.0% (H1 2014: 37.4%) principally due to the strength of Sterling against the Euro and to a far lesser extent, Sterling's weakness against the US Dollar. H1 2015 GM% was also adversely impacted by 2.7% due to a £0.8m increase in the charge for warranty costs on three specific products and a £0.7m increase in net DTL product costs. The warranty expense has been taken to the income statement already and the provision is expected to unwind over the next two to three years.

Excluding France, H1 2015 gross profit on sales of BRK products was £2.2m (H1 2014: £2.5m), only marginally higher than the annual BRK distribution fee of £1.8m (H1 2014: £2.0m).

Fixed costs* in H1 2015, which were around 10% of sales, increased by £1.5m or just 35% whilst sales increased by 137% compared to H1 2014. The Group will continue to invest in its resources to support growth in revenue.

The effective cash tax rate is still low at 12.3% for H1 2015 as a consequence of the enhanced R&D tax credits and patent box deductions; H1 2014 cash tax rate of 1.8% benefited further from the tax deduction of the exercise of a significant number of share options during the period.

H1 2015 basic EPS increased by 247% to 16.9p per share (H1 2014: 4.9p).

Given the net adverse impact of foreign exchange rates against Sterling on sales and on gross margin compared to 2014, the Group is reviewing customer selling prices.

**Stated before impact of exceptional AIM costs of £0.5m in H1 2014*
***Gross margin is stated before the BRK distribution fee of £1.8m (H1 2014: £2.0m)*

Interim dividend

The Board is pleased to declare an interim dividend of 2.5p per share (2014: 2.0p per share) payable on 30 October 2015 to shareholders on the register on 16 October 2015. The Board also reconfirms that the Company will continue to pursue a progressive dividend policy.

Balance sheet and cash flow

The Group continued to invest in product development and the net book value of intangible assets (excluding goodwill of £0.2m) increased by £1.2m to £4.8m (H1 2014: £3.6m). By reference to Sprue's operating profit pre-share based payments charge of £9.0m in H1 2015, the level of intangible assets is still relatively low. The value of intangible assets is expected to increase gradually over time and the carrying values of intangible assets are regularly reviewed for any signs of impairment.

Net working capital in H1 2015 improved by £7.7m helped by a combination of the extension in credit terms from DTL; £2.9m of cash (plus VAT) which was received from UKF&RS in relation to the Department for Communities and Local Government ("DCLG") funded business (albeit only £2.3m excluding VAT was recognised as a sale in H1 2015); a move to monthly VAT returns, and effective working capital management generally. The Group spends a considerable amount of time ensuring that it is managing cash flow effectively.

Current liabilities include warranty provisions of £1.3m (H1 2014: £0.5m) to cover expected warranty costs on three products. The provision was increased during H1 2015 to provide for 100% of the expected cost of resolving warranty issues on products in the field above a normal level of expected warranty costs.

The deferred tax liability relates to product development costs and the deferred tax assets relate to the share based payments charge where the timing difference is expected to reverse in the foreseeable future.

The Group's balance sheet remains strong with cash as at 30 June 2015 of £28.9m (H1 2014: £11.7m) and no debt. The Board acknowledges that this level of cash is above the level which the Group requires to operate on a day to day basis. However, the Board has decided to acquire an additional two months' buffer stock by 31 December 2015 to mitigate against the impact of any potential supply chain disruption from the relocation of the trading activities of CICAM to a nearby facility. In addition, it is reviewing potential acquisition opportunities which must satisfy Sprue's strict hurdle criteria.

Foreign exchange rate movements

The average month end exchange rates against Sterling for the period are summarised below.

	Average for period	
	H1 2015	H1 2014
Euro	**1.35**	1.21
US Dollar	**1.53**	1.66
Canadian $	**1.87**	1.82

On average during H1 2015, Sterling strengthened against the Euro by around 12% reducing Sprue's profit and sales on its Euro denominated income by £5.4m and weakened against the US Dollar by 8% which also decreased Sprue's profit by £0.7m. The impact of the movement in the Canadian Dollar against Sterling was not material.

Sprue sells Euros through Sterling and USD forward contracts which as at 30 June 2015 in total amounted to Euro 34.8m (H1 2014: Euro 8.0m). The Sterling / Euro average contract rate is 1.39 and contracts are typically placed for each month up to 12 months out to smooth the impact of the movement in exchange rates on the Group's results.

Sprue seeks to hedge a significant proportion of its foreign exchange exposure and follows the "golden rule" with all forward contracts and all foreign denominated assets and liabilities being "marked to market" each month with the gain or loss taken straight to the income statement.

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 sales in H1 2014. At H1 2014 like for like exchange rates, the Sterling value of Euro revenue in H1 2015 would have been approximately £5.4m higher than reported below.

Revenue from continuing operations	**% change**	**H1 2015 Revenue £000**	H1 2014 Revenue £000
Europe	288%	**42,400**	10,932
Trade	(3%)	**3,033**	3,142
Retail	(4%)	**4,199**	4,359
Fire & Rescue Services	32%	**4,408**	3,328
Utilities and Leisure	18%	**1,299**	1,102
Pace Sensors	18%	**1,151**	973
Total revenue from external customers	**137%**	**56,490**	23,836

France significantly outperformed both H1 2014 and management's expectations with a strong sales performance into each of the DIY and Trade channels. Germany also performed well contributing to the overall sales increase.

UK Fire & Rescue Service sales increased by £1.1m compared to H1 2014 helped by £2.3m of sales in H1 2015 which were funded by the DCLG and which allowed many brigades to preserve part of their own budgets. In H1 2015, Sprue was appointed as the master distributor in the UK to sell Innohome's cooker shut off products and commenced supply to Sainsbury's of a range of new smoke and CO detectors and accessories branded AngelEye. H1 2015 sales from these two sources were less than £0.1m.

Technology and product development

Sprue has launched a new fully certified range of mains powered SONA branded smoke products and battery powered CO products and accessories for the UK Trade sector which includes heat alarms, smoke alarms, CO alarms and a remote test and reset product. SONA provides a technology advantage over competitor products especially with its low power consumption, which is particularly important for new housing projects. Customer feedback is very positive and despite some production set up issues, production is now being ramped up and full scale production of this certified range of products is expected to commence before the end of the year.

We are pleased that the Nano-905 is now being fitted into finished carbon monoxide detectors offering enhanced performance in 2016.

Sprue continues to invest in its Connected Homes Solutions ("CHS") trial and will shortly be connecting a wider range of its products through its interface gateway technology to the internet. As part of its CHS trial, Sprue is developing a mobile device for Android and IOS operating systems. At the same time, Sprue is expanding and enhancing the skills of its Technical team to accelerate product development and the Technical team is set to double in size over the next year.

Based on our research, sales opportunities from CHS appear significant. To bring greater certainty to our CHS proposition, we have formed a new business unit to focus on this opportunity. Secondly, we are currently hiring additional key resources to support our growth objectives in this emerging and exciting new market which also offers wider potential expansion opportunities.

Legislative drivers

The fitting of domestic smoke alarms in homes has been a key factor in the continuing reduction in house fires, fire-related injuries and deaths in the UK. In the last 10 years in the UK, there has been a 63% reduction in fires and fire deaths are at an all-time low according to government published statistics.

The UK Government is enacting new legislation under the Energy Act 2013 which will require all private sector landlords to install a smoke alarm on every floor of their property, a carbon monoxide alarm to be installed in those properties which burn solid fuels, and for landlords to check that alarms are working at the start of every new tenancy. The enforcing body will be the local council and the regulations allow penalties of up to £5,000 to be imposed. The Company sees this as another important step towards increasing awareness of the dangers of smoke and CO. Sprue is actively promoting through its web sites and "Project Shout", an advertising campaign including television advertising designed to encourage action to protect against the dangers of CO.

The smoke alarm legislation in Germany which is already in place in Nordrhein-Westfalen and Bayern (Rauchmeldegesetz ab 01.04.2013 and Bayerische Bauordnung Art. 46 Abs. 4 BayBO) requires smoke alarms to be fitted in every bedroom, child's room and hallways of every home in these states by 31 December 2016 and 31 December 2017 respectively. The Board estimates that this amounts in aggregate to approximately 10 million homes and expects the number of new alarms required to be a multiple of this number. In addition, the ten year replacement cycle of smoke alarms previously installed in 2006 is about to recommence which offers additional revenue opportunities with increased level of technology resulting in higher local currency replacement product prices.

Legislation requiring smoke alarms to be fitted in every home in France has had a significant impact on Sprue's revenue and increased awareness of the dangers of fire and smoke. The Group expects further similar new legislation will be announced in other parts of Europe as governments seek to improve home safety. This is expected to continue to drive sales, in particular CO products, where market penetration levels in countries such as France and Germany are still significantly lower than for smoke alarms.

Outlook

Sprue still has a reasonable order book for France extending into early H1 2016 which provides good visibility of H2 2015 revenue. Germany's 10 year replacement market is about to recommence and two additional states with around 10m homes will require smoke alarms to be fitted by the end of 2017 which is expected to provide further significant growth opportunities in 2016 and beyond.

The implementation of full scale production of the SONA range of products before 31 December 2015 is expected to provide significant sales growth opportunities for UK Trade in 2016 based on the positive customer feedback received to date.

We are pleased that the Nano-905 is now being fitted into finished carbon monoxide detectors offering enhanced performance in 2016.

Given the adverse impact of foreign exchange rates against Sterling on sales and on gross margin compared to H1 2014, the Group is reviewing customer selling prices.

The Board reconfirms that the Company will continue to pursue its progressive dividend policy. Subject to strict hurdle criteria, the Board will seek to identify potential acquisition opportunities to strengthen the Group's strategic and market position and drive long term shareholder value.

Subject to no significant net adverse foreign exchange rate movements between Sterling and each of the Euro and the US Dollar, the Group is on track to deliver full year results in line with market expectations.

Signed on behalf of the Board

Neil Smith	John Gahan
Group Chief Executive	**Group Finance Director**

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CONDENSED STATEMENT OF CONSOLIDATED INCOME
PERIOD ENDED 30 JUNE 2015

	NOTES	**(Unaudited) Period ended 30 June 2015 £000**	(Unaudited) Period ended 30 June 2014 £000	(Audited) Year ended 31 December 2014 £000
Revenue	3	**56,490**	23,836	65,600
Cost of sales		**(41,965)**	(16,936)	(45,863)
Gross profit		**14,525**	6,900	19,737
Distribution costs		**(441)**	(408)	(878)
Administrative expenses excluding share-based payments charge and exceptional items		**(5,050)**	(3,796)	(8,498)
Share-based payment charge	8	**(242)**	(40)	(205)
Exceptional items*		**-**	(525)	(525)
Total administrative expenses		**(5,292)**	(4,361)	(9,228)
Total fixed costs		**(5,733)**	(4,769)	(10,106)
Profit from operations pre-exceptional items and before share-based payments charge		**9,034**	2,696	10,361
% of sales		***16.0%***	*11.3%*	*15.8%*
Profit from operations		**8,792**	2,131	9,631
Finance income		**29**	16	40
Profit before tax		**8,821**	2,147	9,671
Income tax	4	**(1,131)**	(99)	(1,952)
Profit attributable to equity owners of the parent		**7,690**	2,048	7,719
Earnings per share	5			
From continuing operations:				
Basic		**16.9**	4.9	17.6
Diluted		**16.8**	4.9	17.5

**Exceptional items represent AIM costs of £525,000 in H1 2014*

Continuing operations

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

CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015

	(Unaudited) Period ended 30 June 2015 £000	(Unaudited) Period ended 30 June 2014 £000	(Audited) Year ended 31 December 2014 £000
Profit for the period	**7,690**	2,048	7,719
Items that may be reclassified subsequently to profit and exchange differences on translation of foreign operations	**(21)**	(4)	(21)
Other comprehensive (expense) for the period	**(21)**	(4)	(21)
Total comprehensive income for the period	**7,669**	2,044	7,698

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CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS AT 30 JUNE 2015

	NOTES	**(Unaudited) 30 June 2015 £000**	(Unaudited) 30 June 2014 £000	(Audited) 31 December 2014 £000
Non-current assets				
Goodwill		**169**	169	169
Other intangible assets	6	**4,836**	3,623	4,333
Plant and equipment		**697**	471	536
Deferred tax assets		**239**	183	116
		5,941	4,446	5,154
Current assets				
Inventories		**5,872**	7,994	8,309
Trade and other receivables		**20,394**	10,704	20,213
Current tax assets		**-**	213	-
Derivative financial assets	10	**343**	72	369
Cash and cash equivalents		**28,923**	11,700	15,887
		55,532	30,683	44,778
Total assets		**61,473**	35,129	49,932
Current liabilities				
Trade and other payables		**(22,285)**	(8,772)	(19,946)
Proposed dividends		**(2,732)**	(2,729)	-
Current tax liabilities		**(924)**	-	(505)
Derivative financial liabilities	10	**(216)**	(72)	(1)
Provisions		**(1,263)**	(502)	(873)
		(27,420)	(12,075)	(21,325)
Net current assets		**28,112**	18,608	23,453
Non-current liabilities				
Deferred tax liabilities		**(1,066)**	(805)	(969)
Total liabilities		**(28,486)**	(12,880)	(22,294)
Net assets		**32,987**	22,249	27,638
Equity				
Share capital	7	**911**	909	909
Share premium		**12,094**	12,003	12,003
Foreign exchange reserve		**(90)**	(52)	(69)
Retained earnings		**20,072**	9,389	14,795
Total equity attributable to the owners of the parent		**32,987**	22,249	27,638

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CONDENSED STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2015

	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 for the six months	-	-	(4)	2,048	2,044
Transactions with owners in their capacity as owners:-					
Dividends	-	-	-	(2,729)	(2,729)
Issue of shares	108	-	-	-	108
Premium arising on issue of equity shares	-	7,880	-	-	7,880
Total transactions with owners in their capacity as owners	108	7,880	-	(2,729)	5,259
Share-based payment charge	-	-	-	40	40
Deferred tax charge on share-based payment	-	-	-	(191)	(191)
Balance at 30 June 2014	909	12,003	(52)	9,389	22,249

	Share capital £000	Share premium £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2015	909	12,003	(69)	14,795	27,638
Profit for the six months	-	-	-	7,690	7,690
Foreign exchange gains and losses from overseas subsidiaries	-	-	(21)	-	(21)
Total comprehensive income for the six months	-	-	(21)	7,690	7,669
Transactions with owners in their capacity as owners:-					
Dividends	-	-	-	(2,732)	(2,732)
Issue of shares	2	-	-	-	2
Premium arising on issue of equity shares	-	91	-	-	91
Total transactions with owners in their capacity as owners	2	91	-	(2,732)	(2,639)
Share-based payment charge	-	-	-	242	242
Deferred tax credit on share-based payment	-	-	-	77	77
Balance at 30 June 2015	**911**	**12,094**	**(90)**	**20,072**	**32,987**

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015

	(Unaudited) Period ended 30 June 2015	(Unaudited) Period ended 30 June 2014	(Audited) Year ended 31 December 2014
	£000	£000	£000
Profit before tax	**8,821**	2,147	9,671
Finance income	**(29)**	(16)	(40)
Operating profit for the period	**8,792**	2,131	9,631
Adjustments for:			
Depreciation of property, plant and equipment	**94**	62	131
Amortisation of intangible assets	**298**	193	294
Change in fair value of derivatives	**241**	212	(156)
Share-based payment charge	**242**	40	205
Operating cash flow before movements in working capital	**9,667**	2,638	10,105
Movement in inventories	**2,437**	(324)	(639)
Movement in receivables	**(180)**	(311)	(9,820)
Movement in warranty provision	**390**	(232)	139
Movement in payables	**2,338**	(2,154)	9,020
Cash generated / (used) by operations	**14,652**	(383)	8,805
Income taxes paid	**(667)**	(284)	(694)
Net cash generated / (used) from operating activities	**13,985**	(667)	8,111
Investing activities			
Purchase of intangible assets	**(801)**	(757)	(1,599)
Purchase of property, plant and equipment	**(255)**	(125)	(234)
Interest received	**29**	16	40
Net cash used on investing activities	**(1,027)**	(866)	(1,793)
Financing activities			
Proceeds from issue of ordinary shares	**93**	7,988	7,988
Dividends paid	**-**	-	(3,640)
Net cash generated from financing activities	**93**	7,988	4,348
Net increase in cash and cash equivalents	**13,051**	6,455	10,666
Cash and cash equivalents at beginning of period	**15,887**	5,227	5,227
Non-cash movements	**(15)**	18	(6)
Cash and cash equivalents at end of the period	**28,923**	11,700	15,887

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Notes to the interim financial information

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 2014 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 condensed 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 consolidated 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 financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2014 except where disclosed otherwise in this note.

The Department for Communities and Local Government ("DCLG") provided the UK Fire and Rescue Services ("UKF&RS") with £3.2m of funding of which Sprue secured approximately £2.9m to fund smoke and carbon monoxide alarms to be fitted in rented properties in the UK during the course of 2015, subject to the availability of fire crews to actually fit the alarms. The Group received payment of the £2.9m (plus VAT) in March 2015 and at the customer's request, agreed to bond the stock for the UKF&RS to call off as they required it (in other words, the stock is actually owned by the UKF&RS and was not shown in Sprue's books as at 30 June 2015).

In H1 2015, the Group had only recognised £2.3m of the total £2.9m revenue in its income statement being the value of products already shipped to the customer plus the sales value of any inventory where the associated stock was physically available in a UK warehouse for customers to call off on demand. The balance of the revenue of £0.6m and the profit thereon will be recognised in H2 2015 as that is when the stock is physically available to be shipped to the customer from a UK warehouse. For information, the inventory supporting the £0.6m of revenue was physically received into Sprue's warehouse in July 2015 and was taken to revenue in the month of July. This treatment is entirely consistent with the Group's revenue recognition policy and IAS 18 Revenue.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group is described in the 2014 financial statements, including exposure to foreign exchange rate fluctuation, in particular the strength of Sterling relative to the US Dollar and Euro. It is assumed 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 business, leads the Directors to believe that the Group is well placed to manage the business risks the Group faces.

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 financial information.

New standards, amendments and interpretations

The following new standards and amended standards, none of which have a material impact on these financial statements, are mandatory and relevant to the Group for the first time for the financial year commencing 1 January 2015:

- Annual improvements to IFRSs 2010/2012 Cycle
- Annual improvements to IFRSs 2011/2013 Cycle

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements and which are considered potentially relevant, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendments to IAS 1: Disclosure initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying Consolidation Exception
- Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation
- Annual improvements to IFRSs 2012-2014 Cycle
- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial instruments

3. Operating segments

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, comprising gross and net sales to external customers is the main financial information reported to the Board at business-unit level. Business unit reporting to the Board excludes information below net revenue. Gross profit, gross margin, overheads and other income statement information is reported on an aggregated basis.

Sprue sells and distributes home safety products and accessories in the UK, Continental Europe and certain other countries and its major customers are primarily based in Continental Europe. Sprue undertakes relatively low level manufacturing and assembly activities of its own carbon monoxide sensors at its wholly owned subsidiary in Canada.

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

For the period ended 30 June 2015, revenues of approximately £33.2m (2014: £8.5m) were derived from two (2014: two) external customers, each of which contributed over 10% of total external revenue of the Group. These revenues are attributable to the European business unit.

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

	(Unaudited) Period ended 30 June 2015 £000	(Unaudited) Period ended 30 June 2014 £000	(Audited) Year ended 31 December 2014 £000
Continuing operations:			
United Kingdom	**12,939**	11,931	23,936
Continental Europe and Rest of World	**43,551**	11,905	41,664
	56,490	23,836	65,600

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

	(Unaudited) Period ended 30 June 2015 £000	(Unaudited) Period ended 30 June 2014 £000	(Audited) Year ended 31 December 2014 £000
Continuing operations:			
UK	**5,466**	4,031	4,820
Canada	**236**	232	218
Non-current assets	**5,702**	4,263	5,038

4. Income tax

The major components of income tax expense in the Condensed Statement of Consolidated Income are as follows:

	(Unaudited) Period ended 30 June 2015 £000	(Unaudited) Period ended 30 June 2014 £000	(Audited) Year ended 31 December 2014 £000
Current tax			
UK corporation tax charge/(credit)	**1,014**	(62)	1,596
UK – Adjustment in respect of prior periods charge	**-**	107	136
Foreign tax charge / (credit)	**72**	(7)	11
	1,086	38	1,743
Deferred tax			
Origination and reversal of temporary differences	**45**	61	209
Income tax expense	**1,131**	99	1,952

Income tax for the six month period to 30 June 2015 is charged at 20.5% (six months ended 30 June 2014: 21.5%, year ended 31 December 2014: 22.0%). The effective cash tax rate of 12.3% reflects the benefit of R&D tax credits and patent box that result in tax deductions for the Group; the effective cash tax rate of 1.8% in H1 2014 was low largely due to the tax deduction of the exercise of a significant number of share options.

The UK Government announced a reduction in the standard rate of the UK corporation tax to 20% effective 1 April 2015 and a further reduction to 19% effective 1 April 2017.

5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings from continuing operations	**(Unaudited) Period ended 30 June 2015 £000**	(Unaudited) Period ended 30 June 2014 £000	(Audited) Year ended 31 December 2014 £000
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the parent)	**7,690**	2,048	7,719

Number of shares	**'000**	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**45,501**	42,123	43,824
Effect of dilutive potential ordinary shares:			
Deemed issue of potentially dilutive shares	**278**	43	404
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**45,779**	42,166	44,228

	2015 Pence	2014 Pence	2014 pence
Basic earnings per share (pence)	**16.9**	4.9	17.6
Diluted earnings per share (pence)	**16.8**	4.9	17.5

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.

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6. Other intangible assets

	Product development costs £000	Computer software £000	Total £000
Cost			
At 30 June 2014	5,016	239	5,255
Additions	808	1	809
At 31 December 2014	5,824	240	6,064
Additions	775	26	801
At 30 June 2015	**6,599**	**266**	**6,865**
Amortisation			
At 30 June 2014	1,460	172	1,632
Amortisation for the period	71	28	99
At 31 December 2014	1,531	200	1,731
Amortisation for the period	286	12	298
At 30 June 2015	**1,817**	**212**	**2,029**
Carrying amount			
At 30 June 2014	3,556	67	3,623
At 31 December 2014	4,293	40	4,333
At 30 June 2015	**4,782**	**54**	**4,836**

The total amortisation charge of £298,000 (2014: £193,000) has been recognised within administration expenses.

7. Share capital

Authorised:	**(Unaudited) Company 2015 Number '000**	(Unaudited) Company 2014 Number '000
100,000,000 Ordinary shares of 2p each		
Ordinary shares in issue:		
As at 1 January	**45,496**	40,075
Issue of shares in respect of admission to AIM	**-**	4,000
Issue of shares in respect of share options exercised	**46**	1,421
As at 30 June	**45,542**	45,496
Issued and fully paid Ordinary shares of 2p each:	**£000**	£000
As at 1 January	**909**	801
Issue of share capital in respect of admission to AIM	**-**	80
Issue of shares in respect of share options exercised	**2**	28
As at 30 June	**911**	909

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

8. 2014 share options award and 2015 long term incentive plan ("LTIP")

The share-based payment charge of £242,000 (H1 2014: £40,000) included in the Condensed Statement of Consolidated Income within administrative expenses includes:

- £151,000 attributable to 2014 share options
- £70,000 attributable to 30,000 share options awarded to one employee in June 2015 in Canada. These options fully vested immediately
- £21,000 attributable to 2015 long term incentive nominal cost options awarded on 3 June 2015

A summary of the change in options is set out below:

	2015		2014	
	Options 000	**Weighted average exercise price**	Options 000	Weighted average exercise price
Outstanding at 1 January	**1,479**	**200p**	1,471	24p
Exercised during the period	**(46)**	**200p**	(1,421)	24p
Granted during the period	**975**	**2p**	1,464	200p
Expired during the period	**(82)**	**200p**	-	-
Outstanding and exercisable 30 June	**2,326**	**117p**	1,514	200p

Further details of share options outstanding at 30 June 2015 are as follows:

Grant date	**Outstanding at start of period**	**Exercised during the period**	**Granted during the period**	**Forfeited during the period**	**Outstanding at end 30 June 2015**	**Expiry date**	**Exercise price**
Directors' share options							
25/04/2014	375,000	(45,139)	-	(79,861)	**250,000**	28/04/2021	200p
03/06/2015	-	-	900,000	-	**900,000**	03/06/2025	2p
Employee share options							
30/06/2010	50,000	-	-	-	**50,000**	29/06/2017	35p
25/04/2014	1,054,000	(833)	-	(1,667)	**1,051,500**	28/04/2021	200p
03/06/2015	-	-	45,000	-	**45,000**	03/06/2025	2p
03/06/2015	-	-	30,000	-	**30,000**	03/06/2015	2p
	1,479,000	(45,972)	975,000	(81,528)	**2,326,500**		

The weighted average share price at the date of exercise for share options exercised during the period was 260p.

2014 share options award

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 three years and are exercisable for ten years from the date of grant.

The Company has an approved EMI scheme for qualifying UK based employees which provided for an award of share options based on seniority. Share options vest over three years. If options remain unexercised after a period of 10 years from the date of grant, the options usually expire except in exceptional circumstances at the discretion of the Board. Furthermore, options are typically forfeited if an employee leaves the Group before options have vested.

Options under the 2014 share options award have been valued using the Black Scholes model with the following assumptions:

	2014
Directors' and Employee share options award 2014	
Average share price when options issued (pence)	**200**
Average expected volatility	**35.6%**
Expected life	**10 yrs**
Risk free rate	**1.8%**
Expected dividends	**2.4%**

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 7 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions.

2015 LTIP

Executive directors included in the 2015 LTIP are as follows:

Director	Position	Number of nil cost options awarded
G Whitworth	Executive Chairman	200,000
N Rutter	Managing Director	200,000
N Smith	Group Chief Executive	300,000
J Gahan	Group Finance Director	200,000

The key elements of the 2015 LTIP include:

- Measurement period is three years from the date of grant being 3 June 2015 to 3 June 2018
- Any 2015 LTIP award is subject to delivering a minimum total shareholder return ("TSR") of at least 25% over the measurement period
- If TSR is less than 25% over the measurement period, none of the share options vest
- For TSR of between 25% and 100%, 25% up to 100% of the options vest on a straight line basis
- For 100% TSR or more over the measurement period, 100% of the share options vest
- To the extent that the performance target is met as at 3 June 2018, options are exercisable at any time up to the tenth anniversary of the date of grant (or earlier in the case of a "corporate event")
- If the option holder leaves the Group by reason of death, injury, ill health or disability, redundancy, or because the business he works for is sold outside the Group, or otherwise at the discretion of the Remuneration Committee, then his 2015 LTIP award shall vest on a time prorated proportion subject to the performance criteria being met or having been deemed to have been met by the Remuneration Committee
- If the option holder leaves the Group for any other reason, his 2015 LTIP award will lapse

Options under the 2015 award have been valued using a Monte Carlo model (given the increased uncertainty around potential vesting) with the following assumptions:

	2015
Directors' and Employee share options LTIP award 2015	
30 day average share price before options were issued (pence)	**289**
Average expected volatility	**30.7%**
Expected life	**5 yrs**
Risk free rate	**2.4%**
Expected dividends	**4.0%**

Expected volatility was determined using the historical volatility of the Group's share price since moving onto AIM. The expected life of the option used in the model of 5 years has been adjusted, based on management's best estimate, for the effects of non-transferability and the likelihood of the timing of potential exercise.

The Group recognised a 2015 LTIP share based expense of £21,000 (2014: £Nil) relating to equity-settled share-based payment transactions.

9. Dividends

In respect of the year ended 31 December 2014, the directors recommended the payment of a final dividend of 6.0 pence per share on 3 July 2015 to shareholders on the register on 19 June 2015. This dividend was approved by shareholders at the Annual General Meeting on 3 June 2015 and has been included as a liability in these financial statements. The total 2014 dividend paid was 8.0 pence per share which cost approximately £3.6m.

10. Foreign currency

The Group continues to receive significant amounts of Euros which are in excess of its Euro payment requirements and has forward contracts in place to reduce its exposure to the cost of purchasing Sterling and US Dollars. Excess surplus Euros are sold into Sterling at spot rate from time to time. All forward contracts are marked to market at the balance sheet date with the gain or loss arising taken to cost of sales.

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

	Euros	**Weighted average rate**	
	Sell €000	**EUR/GBP**	**EUR/USD**
As at 30 June 2015	34,800	1.39	1.33
As at 31 December 2014	8,000	-	1.36

The total net loss on forward contracts recognised in the period ended 30 June 2015 was £0.2m (2014: £0.2m net loss) and is included within "Cost of sales".

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 and cost of sales	
	H1 2015	**H1 2014**
US Dollar	1.53	1.66
Euro	1.35	1.21
Canadian Dollar	1.87	1.82

11. 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.

These consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements which should be read in conjunction with the Group's financial statements as at 31 December 2014. There have been no changes to the risk management policies since the year ended 31 December 2014.

The Group's finance department performs the valuations of financial assets required for monthly financial reporting purposes and reviews the value of the foreign exchange contracts provided by HSBC plc each month.

12. Related parties: Jarden Corporation ("Jarden")

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period, Group companies entered into the following transactions with Jarden which is not a member of the Group:

	Jarden		
	(Unaudited) Period ended 30 June 2015	(Unaudited) Period ended 30 June 2014	(Audited) Year ended 31 December 2014
	£000	£000	£000
Sale of goods in the period	**2,696**	96	2,792
Purchases of goods in the period engineering fees	**28,815**	9,159	28,956
Distribution agreement fee	**1,853**	2,022	4,164
Dividends paid	**-**	-	643
Amounts owed to related parties at period end	**15,775**	5,489	13,486
Amounts owed by related parties at period end	**332**	-	580

Jarden holds a significant proportion of the Company's ordinary shares (23.6% as at 30 June 2015) and has representation on the Company's board of directors through its one nominated non-executive director and one jointly nominated non-executive director. Consequently the Directors consider that Jarden is a related party.

Jarden represents the single largest supplier to the Company supplying a significant proportion of the Group's products. Sales of goods to related parties in the period relate to Jarden's wholly owned subsidiary, Mapa Spontex which is based in France.

Purchases and sales between related parties are made on an arms' length basis to reflect market prices.

Relocation of CICAM's manufacturing activities

In early April 2015, the Board was informed by its supplier, Jarden that the manufacturing activities of Jarden's majority owned smoke alarm manufacturer in China, CICAM – which supplies 100% of the Group's Sprue and BRK smoke alarms and accessories, together with the Group's BRK carbon monoxide ("CO") alarms – may have to be relocated later this year to make way for a proposed new railway line which the Chinese government has now stated will run through the site of the current facility.

Sprue continues to work closely with Jarden to take the appropriate steps to build up buffer stocks of around two months' sales prior to the relocation of the smoke and CO production / assembly lines. Having worked previously with CICAM to move the facility about five years ago, Sprue understands what is required and is continuing to engage with the appropriate certification bodies to ensure that the facility can be certified by the relevant approval authorities in a timely manner.

Whilst all possible steps will be taken to ensure that Sprue's 2015 and 2016 sales are not disrupted, there is a small residual risk that the relocation of CICAM's activities could potentially disrupt Sprue's business. Currently, the Board does not expect any significant disruption to Sprue's sales as a result of the relocation of CICAM's activities. The supply of Sprue's own CO alarms from its other supplier, Pace Technology Limited is unaffected by the relocation of CICAM's activities.

13. Date of approval of financial statements

The interim financial statements cover the period 1 January 2015 to 30 June 2015 and were approved by the Board on 11 September 2015. Further copies of the financial statements can be accessed on the Sprue Aegis plc investor relations website, www.sprueaegis.co.uk.

Responsibility Statement

We confirm to the best of our knowledge:

- the consolidated 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, 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, 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.

In April 2015, John Shepherd joined the Board as a Non-Executive Director, replacing Peter Lawrence who retired from the Board in June 2015. In addition, Neil Smith, Group Chief Executive, who joined the Company in February, was appointed to the Board. In February 2015, Graham Whitworth relinquished the Group Chief Executive role but remains Executive Chairman.

At the date of this statement, the Directors are those listed in the Group's 2014 Annual Report as amended by the changes summarised above.

Approved by the Board and signed on its behalf

Neil Smith	**John Gahan**
Group Chief Executive	Group Finance Director

Notes:

(a) The maintenance and integrity of the Sprue Aegis plc website (www.Sprueaegis.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.

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 month period ended 30 June 2015 which comprises the Condensed Statement of Consolidated Income, 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 the 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 month period ended 30 June 2015 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

11 September 2015

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SPRUE AEGIS

Board of Directors

Executive

G Whitworth	Executive Chairman
N Smith	Group Chief Executive
J Gahan	Group Finance Director
N Rutter	Managing Director

Non-executive

W Payne
A Silverton
T Russo
J Shepherd

Corporate Directory

REGISTERED NUMBER
3991353

SECRETARY
W Payne (Non-executive)

REGISTERED OFFICE
Bridge House,
4 Borough High Street
London
SE1 9QR

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

REGISTRAR
Neville Registrar
Neville House
18 Laurel Lane
Halesowen
B63 3DA

SOLICITOR
Ashfords LLP
1 New Fetter Lane
London
EC4A 1AN

BANKER
HSBC plc
3 Rivergate
Temple Quay
Bristol
BS1 6ER

NOMINATED ADVISOR AND BROKER
Westhouse Securities
110 Bishopsgate
London
EC2N 4AY