SPRUE AEGIS

27 April 2015

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

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Sprue designs and sells innovative smoke and carbon monoxide (“CO”) alarms and other safety related products and accessories and is one of Europe’s largest suppliers of such, selling products under its own distinct brands of FireAngel, AngelEye, SONA, FireAngel Pro and Pace Sensors based on its own CO and smoke sensing and wireless technology. Sprue is also the exclusive European distributor of the brands of BRK Brands Europe Limited (“BRK Brands”) namely First Alert, BRK and Dicon. Sprue is pleased to announce its final results for the year ended 31 December 2014.

Financial highlights

- Record performance with revenue up 36% to £65.6m (2013: £48.4m)
- Record profit from operations (pre-exceptional)* and pre share-based payments charge up 89% to £10.4m (2013: £5.5m)
- Record reported operating profit from operations up 88% at £9.6m (2013: £5.1m)
- Gross margin before £4.2m BRK distribution fee (2013: £4.2m) declined from 37.6% to 36.4% principally due to the net adverse impact of exchange rates primarily driven by Sterling’s strength against the Euro and slightly higher warranty costs on one product
- At like-for-like exchange rates with the previous year, 2014 Group profit would have been approximately £1.7m higher than reported adding approximately 260 basis points onto the Group’s gross margin
- Recommended final dividend of 6 pence per share which when added to the maiden interim dividend of 2 pence per share represents a 33% increase in the total dividend to 8 pence per share (2013: 6 pence)
- Basic EPS (pre-exceptional)* up 62% to 18.8 pence per share (2013: 11.6 pence per share)
- Strong operational leverage continues with return on sales before share-based payments charge and pre exceptionals* up from 11.4% to 15.8%
- Increased investment in product development and capex to £1.8m (2013: £1.4m)
- Strong cash flow management with £8.8m net cash flow from operations (2013: £2.2m)
- Balance sheet remains strong with net cash of £15.9m (2013: £5.2m) and no debt

**Exceptional items represent AIM costs of £0.5m in 2014 and bid defence costs of £0.4m in 2013*

Operational highlights

- Signed extension to the 2010 BRK Brands distribution agreement which came into effect on 1 April 2015 and secured Sprue’s exclusive European distribution rights over BRK Brands’ products and brands on improved terms until at least 31 March 2018 with rolling one year extensions
- Move from ISDX to AIM effective on 30 April 2014 and raised £8.0 million from a placing of 4 million new shares at £2.00 per share with institutional investors in order to strengthen the Company’s balance sheet and provide working capital for expansion
- France significantly out-performed management expectations and Germany continues to perform strongly
- Nano-905, our miniature CO sensor become fully certified for sale and is now being fitted into finished CO alarms for sale in the second half of 2015

- Launched new range of Sprue products branded “SONA” into the UK Trade market alongside a refreshed range of BRK products which significantly strengthens our product range in this important sector
- Post year end, appointment of Neil Smith as Group Chief Executive in February 2015 with Graham Whitworth relinquishing this role, yet remaining as Executive Chairman and appointment of John Shepherd as a non-executive Director in April 2015

Graham Whitworth, Executive Chairman, commented:

“As announced on 21 March 2014, we were pleased to have extended our exclusive rights in Europe to distribute the products and brands of BRK Brands, part of Jarden Corporation (“Jarden”), for an initial period of three years on improved terms with effect from 1 April 2015 purchasing all products in Sterling at a fixed exchange rate of USD 1.62. Jarden remains the key supplier to the Group supplying essentially all of the Group’s smoke alarm and product accessory requirements. This agreement consolidates Sprue’s position as a leading home safety products supplier in Europe and the agreement is a good deal for the Company and all stakeholders.

We were delighted with the Company’s 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. I am pleased to report that cash at the year end was at a record level of £15.9m and there is no debt in the business.

In December 2014, we were pleased to launch our new range of SONA mains powered smoke and carbon monoxide products and accessories designed specifically for the UK Trade sector branded SONA, incorporating Sprue's own Thermoptek, Thermistek and Wi-Safe 2 technology. SONA transforms Sprue’s product offering in UK Trade and sits alongside a refreshed range of BRK trade products. To date, customer feedback has been highly encouraging on the new range and we expect to significantly grow our market share in UK Trade over time.

The Nano-905, the Company's miniaturised version of its proven 7 and 10 year carbon monoxide sensor, is now being installed into certain seven year "sealed for life" carbon monoxide detectors for sale in the second half of 2015 before being rolled out across the product range in the second half of the year and beyond. This is an excellent example of how investment in technology leads to enhanced product performance.

I am also pleased to confirm that a trial to wirelessly connect Sprue's home safety products to the internet using its Wi-Safe 2 technology - allowing remote monitoring of Sprue's products over the internet - is underway and initial signs are highly encouraging. We expect to commercialise our “internet of things” product offering later this year and we have an exciting array of new products under development which will come through in the next couple of years.

Sprue’s mission remains to protect, save and improve our customers’ lives by making innovative, leading edge technology simple and accessible. It is a simple philosophy. At the same time, we remain focussed on driving shareholder returns and will continue to invest in our product base and technology and with Nick Rutter devoting more time to drive this initiative, we will continue to enhance our market leadership position in each of the markets in which we operate.

As outlined further in note 11, 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 or early next year to make way for a proposed new railway line which the Chinese government has indicated may run through the site of the current facility. Sprue understands that Jarden is seeking clarification of the potential impact and timing of the proposed new railway line on CICAM.

Sprue further understands that Jarden is in the process of identifying appropriate alternative manufacturing facilities close to the current CICAM facility and developing plans to migrate production from CICAM's current facility. Sprue will work closely with Jarden to take the appropriate steps to build up buffer stocks prior to the potential 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 now engaging with the appropriate certification bodies to ensure that the facility can be certified by the relevant approval authorities in a timely manner.

The appointment of Neil Smith in February 2015 has significantly strengthened the management team allowing me to relinquish the Group Chief Executive role and focus on my Executive Chairman role full time. I am also pleased that John Shepherd has recently joined the business as a non-executive Director bringing significant international business experience to the Board. I remain highly optimistic about the future prospects of our business and this is an exciting time for Sprue and all our stakeholders.

France is performing ahead of management's expectations with a significant order book extending into the second half of 2015. As a result, the Board now expects Sprue's revenue for 2015 to significantly exceed market expectations, however, due in particular to Sterling's strength against the Euro continuing to adversely impact gross margin, it expects the Group's profit before tax (before share-based payments charge) for 2015 to be marginally below market expectations."

- Ends –

For further information, please contact:

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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 products and 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. All other manufacturing and assembly is outsourced to two principal third party contract manufacturers in China.

Sprue enjoys a leading footprint in UK Retail and 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 rapidly growing business in Continental Europe mainly selling through a network of independently owned third party distributors.

Sprue plans to launch an internet gateway device later this year which will enable connection and monitoring of its existing Wi-Safe2 products over the internet.

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 and warehousing 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 or www.sonasafety.com

Company ethos

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

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

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

Our brands

Sold under 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 group across its target market segments.

FireAngel

A market-leading and innovative battery operated alarm 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.

SONA

A 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.

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

Revenue for 2014 increased by 36% to £65.6m (2013: £48.4m) helped by the £21.3m increase in sales into Continental Europe, largely due to growth in sales into France and to a lesser extent, Germany. Whilst UK Trade sales increased by 9%, total sales in the UK declined by 10% mainly due to a £2.0m decline in UK retail sales due to slower CO sales and some customer inventory reduction programs.

Profit from operations before a share based payments charge of £0.2m and exceptional items* increased by 89% to £10.4m (2013: £5.5m) reflecting strong operational leverage / scalability of the business, together with tight control over fixed costs. Return on sales before the share-based payments charge and pre-exceptional items* increased significantly to 15.8% (2013: 11.4%). The Group's medium to long term target return on sales % remains in excess of 20%.

With a key focus on cash generation to optimise working capital and with the benefit of the net £7.2m in cash raised from the share placing on the move to AIM in April 2014, the Group's year end cash increased by £10.7m to £15.9m (2013: £5.2m). The balance sheet remains strong with £15.9m in cash and no debt. The Group paid a maiden interim dividend of 2 pence per share in October 2014.

The Group incurred a non-cash share-based payments charge of £205,000 in respect of staff equity based incentives granted in April 2014 (2013: £15,000).

**Exceptional items represent AIM costs of £0.5m in 2014 and bid defence costs of £0.4m in 2013*

Gross margin

Despite a positive change in sales mix, gross margin (before taking account of the fixed £4.2m BRK distribution fee) decreased slightly to 36.4% (2013: 37.6%). The slight reduction in gross margin reflected the significant net adverse impact of the strength of Sterling against the Euro and the net movement of Sterling against the US Dollar. In addition, warranty costs to deal with legacy warranty issues on one particular product also squeezed gross margin slightly. At like-for-like exchange rates with the previous year, 2014 Group profit would have been approximately £1.7m higher than reported adding approximately 260 basis points onto the Group's gross margin.

Average month end exchange rates against Sterling are summarised below. This table shows that on average, over the course of 2014, Sterling has strengthened against the Euro by 5% reducing Sprue's profit on its Euro denominated income and strengthened against the US Dollar by 5% increasing Sprue's profit on its USD purchases. The impact of the movement between Sterling and the USD is far less significant than the movement between Sterling and the Euro as the Group purchases a significant proportion of its product costs in Sterling under the terms of the 2010 distribution agreement with BRK. In 2014 Sterling also strengthened by approximately 12% against the Canadian Dollar although the net financial impact on Group profit is not material.

	Average for year		Average for H1		Average for H2	
	2014	2013	**2014**	2013	**2014**	2013
Euro	**1.24**	1.18	**1.22**	1.17	**1.27**	1.18
US Dollar	**1.64**	1.56	**1.67**	1.53	**1.62**	1.60
Canadian $	**1.82**	1.62	**1.81**	1.57	**1.82**	1.67

Total fixed costs

Excluding exceptional items* and the share-based payments charge, total fixed costs as a percentage of sales in 2014 reduced to 14.3% (2013: 17.7%), within the Group's target fixed costs range of 13-15% of sales. The Board is not "cash cowing" the business and will continue to invest for growth, even if the total fixed costs target range is not achieved in the short term.

In any event, a key focus for 2014 included selective expenditure in our cost base including staff and new product development to position the Group in the key growth markets of Continental Europe and UK Trade.

Earnings and tax

Basic EPS pre-exceptional items* increased by 62% to 18.8 pence per share (2013: 11.6 pence per share) whilst reported basic EPS increased 66% at 17.6 pence per share (2013: 10.6 pence per share).

Excluding deferred tax and the impact of the exceptional items*, the effective cash tax rate increased from 14.1% in 2013 to 16.8% in 2014 as the value of BRK product sales increased significantly and the Group was unable to claim the benefit of Patent Box on BRK sales to reduce its overall tax charge. Going forward, this is expected to reverse as the proportion of Sprue product sales increases.

Following the Company's admission to AIM on 30 April 2014 and the placing of 4 million new shares at £2.00 per share, with no shareholder now owning more than 25% of the Company's issued share capital from that point, Sprue's status as a "large" Enterprise (i.e. not an SME) for R&D credit purposes is almost certain to change. Consequently, the Group will be able to access an increased rate of R&D tax credits (230% from April 2015 rather than 125%).

We are aware that there have been a number of challenges by certain Continental European states to the fairness of Patent Box although we have been advised currently that for Sprue, Patent Box is "here to stay for the foreseeable future". The benefit of Patent Box in the tax charge in 2014 was approximately £0.2m (2013: £0.1m).

**Exceptional items represent AIM costs of £0.5m in 2014 and bid defence costs of £0.4m in 2013*

Balance sheet and cash flow

Sprue continues to invest in product development and capitalise specific costs which meet the relevant criteria. The net book value of intangible capitalised product development costs at 31 December 2014 was £4.3m (2013: £2.9m), equivalent to 6.6% of sales (2013: 6.0% of sales). Product development costs are typically amortised over a period of 7 to 10 years and reviewed periodically for impairment. The annual amortisation charge is expected to gradually increase as capitalised costs for Nano-905, SONA and other new products start to be amortised through the income statement as sales of these products commence.

Net working capital as a percentage of annualised sales improved materially in 2014 to 12.8% of sales (2013: 15.3% of sales), reflecting a 17% reduction in UK Retail sales where stock holding levels are significantly more onerous than other sectors of the market and customer credit terms are more generous than other business units. Overall, net working capital increased by just £1.0m or 13% on the 2013 comparative against a sales increase in the year of 36%.

Cash generation continues to be a key objective for the Group and management regularly reviews business unit stock requirements to optimise the Group's stock holding. Based on year end stock, 2014 stock turn improved 22% to 5.5x cost of goods sold (2013: 4.5x).

The significant increase in total debtors year on year reflects the upsurge in sales in the last three months of 2014, largely due to France and Q4 sales represented 42% of total 2014 sales (2013: 30%). Average debtor days in 2014 reduced to 54 days (2013: 57 days) reflecting the lower level of UK Retail sales where credit terms are generally more generous.

Sprue's principal customers, including its key two distributors in France, have all continued to pay largely within their credit terms and it has not been necessary – as envisaged in the early part of 2014 – to accommodate our French customers by extending payment terms to ensure that they can capitalise on the growth in their market.

Average creditor days in 2014 were 57 days (2013: 62 days) with the Group aiming to settle its debts in line with the due dates. We expect creditor days to increase slightly over the course of 2015 as the impact of the improved credit terms from our supplier, DTL commenced from 1 April 2015 (where credit terms increased from effectively 30 days landed to 90 days landed).

During 2014, the Group placed significant emphasis on improving cash flow generating net cash flow from operations of £8.8m (2013: £2.2m). The balance sheet remains robust with net cash of £15.9m (2013: £5.2m) and no debt.

In addition, improving cash flow further in 2015, the Group will shortly move to a monthly VAT return regime to be able to recover the excess input VAT from HMRC monthly rather than quarterly which will provide a sizeable one off but permanent cash flow benefit to the Group provided the Group's European sales remain around the current proportion of total sales. Sales into Continental Europe are zero rated and therefore the net monthly input VAT generally now exceeds monthly output VAT.

Introduction of OPIC as a financial metric

The Group has introduced an "operating profit after investment charge" ("OPIC") financial metric that provides a nominal cost of capital charge to the operational assets required to generate the returns for each business unit which is deducted from the business unit contribution. This ensures that the Group carefully considers the cash implications of growing the revenue of each of the business units and prioritises investment to those areas of the business that generate the greatest overall financial return for shareholders.

Move to AIM

On 30 April 2014, Sprue raised £7.2m net of expenses from the placing of 4 million ordinary shares at £2.00 per share when the Group moved its listing from ISDX to AIM.

Dividend

The Board was pleased to declare a maiden interim dividend of 2p per share for the six months ended 30 June 2014 which was paid to shareholders in October 2014. The Board recommends 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, which if approved by shareholders at the AGM to be held on 3 June 2015, takes the full year 2014 dividend to 8.0 pence per share (2013: 6.0 pence per share), an increase of 33%. 2014 dividend cover has improved to 2.2x post-tax profit (2013: 1.8x post-tax profit) and the Board continues to pursue a progressive dividend policy.

Extension of exclusive European distribution agreement with 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, came into effect on 1 April 2015, when the existing distribution agreement expired.

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 previously) 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 subsidiary 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 were previously 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 of the Group's business units and Pace Sensors. At like for like exchange rates, the Sterling value of Euro revenue in 2014 would have been approximately £2.6m higher than reported.

Revenue from continuing operations	% change	2014 Revenue £000	2013 Revenue £000
Business Units:			
Europe	114%	**39,950**	18,630
Trade	9%	**6,040**	5,563
Retail	-17%	**9,722**	11,720
Fire & Rescue Services	-13%	**6,081**	7,000
Utilities and Leisure	-12%	**2,093**	2,385
Pace Sensors Limited	-44%	**1,714**	3,059
Total revenue from external customers	**36%**	**65,600**	48,357

The principal changes in revenue are as follows:

- Strong growth in smoke detector sales into both the trade and retail channels into France ahead of the March 2015 legislation which required all domestic homes to fit at least one working smoke alarm helped increase total sales into Continental Europe by 114%; sales into Germany also increased year on year. CO market penetration levels in France and Germany in particular remain very low compared to the UK as the markets are less mature which remains an opportunity for Sprue

- Strengthening of the UK housing market, the launch of a ten year CO alarm and a stronger UK Trade sales team presence with more targeted selling helped increase total UK Trade sales by 9%. Sales of the refreshed BRK trade range and the Group's new SONA range have now commenced and initial signs are highly encouraging
- Retail customer inventory reduction initiatives combined with reduced UK wide CO promotional activity generally reduced Sprue's sales to UK retailers by 17%. However, internet sales continue to perform well
- UK coalition Government budget cuts at the smaller brigades and the loss of some brigades to competitors, contributed to a 13% decrease in sales to the UK Fire & Rescue Services
- Utilities and Leisure sales declined by around £0.3m with slightly slower than expected CO sales
- Sales of CO sensors by Pace Sensors declined by 44% and were adversely impacted by slower CO detector sales in the UK and an adverse exchange rate between Sterling and the Canadian Dollar which accounted for approximately 7% of the year on year decline.

Notification of potential 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 or early next year to make way for a proposed new railway line which the Chinese government has indicated may run through the site of the current facility. Sprue understands that Jarden is seeking clarification of the potential impact and timing of the proposed new railway line on CICAM.

Sprue further understands that Jarden is in the process of identifying appropriate alternative manufacturing facilities close to the current CICAM facility and developing plans to migrate production from CICAM's current facility. Sprue will work closely with Jarden to take the appropriate steps to build up buffer stocks prior to the potential 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 now engaging with the appropriate certification bodies to ensure that the facility can be certified by the relevant approval authorities in a timely manner.

Outlook

France is performing ahead of management's expectations with a significant order book extending into the second half of 2015. As a result, the Board now expects Sprue's revenue for 2015 to significantly exceed market expectations, however, due in particular to Sterling's strength against the Euro continuing to adversely impact gross margin, it expects the Group's profit before tax (before share-based payments charge) for 2015 to be marginally below market expectations.

We will continue to invest in product development and our connected home solution to deliver future profitable growth whilst prioritising the cash generation potential of each investment opportunity. We believe that these investments will continue to drive sales and provide healthy returns for shareholders.

Signed on behalf of the Board

Graham Whitworth	John Gahan
Executive Chairman	**Group Finance Director**

SPRUE AEGIS

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 £000	**2013 £000
Revenue	3	**65,600**	48,357
Cost of sales		**(45,863)**	(34,320)
Gross profit		**19,737**	14,037
Distribution costs		**(878)**	(601)
Administrative expenses excluding share-based payments charge and exceptional items		**(8,498)**	(7,944)
Share-based payments charge		**(205)**	(15)
Exceptional items*		**(525)**	(398)
Total administrative expenses		**(9,228)**	(8,357)
Total fixed costs		**(10,106)**	(8,958)
Profit from operations pre-exceptional items and before share-based payments charge		**10,361**	5,492
% of sales		***15.8%***	*11.4%*
Profit from operations		**9,631**	5,079
Finance income		**40**	5
Profit before tax		**9,671**	5,084
Income tax	4	**(1,952)**	(946)
Profit attributable to equity owners of the parent		**7,719**	4,138
Earnings per share	5		
From continuing operations:			
Basic		**17.6**	10.6
Diluted		**17.6**	10.2
Basic pre-exceptional items*		**18.8**	11.6
Diluted pre-exceptional items*		**18.8**	11.2

*Exceptional items represent AIM costs of £525,000 in 2014 and hostile bid defence costs of £398,000 in 2013.

**Restated under IFRS from UK GAAP

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 £000	**2013 £000
Profit for the year	**7,719**	4,138
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations (net of tax)	**(21)**	(38)
Other comprehensive expense for the year	**(21)**	(38)
Total comprehensive income for the year	**7,698**	4,100

CONSOLIDATED FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTES	2014 £000	*2013 £000
Non-current assets			
Goodwill		**169**	169
Other intangible assets	6	**4,333**	3,028
Plant and equipment		**536**	436
Deferred tax assets		**116**	292
		5,154	3,925
Current assets			
Inventories		**8,309**	7,671
Trade and other receivables		**20,213**	10,328
Current tax assets		**-**	65
Derivative financial assets	10	**369**	307
Cash and cash equivalents		**15,887**	5,227
		44,778	23,598
Total assets		**49,932**	27,523
Current liabilities			
Trade and other payables		**(19,946)**	(10,860)
Current tax liabilities		**(505)**	-
Derivative financial liabilities	10	**(1)**	(95)
		(20,452)	(10,955)
Net current assets		**24,326**	12,643
Non-current liabilities			
Deferred tax liabilities		**(969)**	(736)
Provisions		**(873)**	(734)
		(1,842)	(1,470)
Total liabilities		**(22,294)**	(12,425)
Net assets		**27,638**	15,098
Equity			
Share capital	7	**909**	801
Share premium		**12,003**	4,123
Foreign exchange reserve		**(69)**	(48)
Retained earnings		**14, 795**	10,222
Total equity attributable to the owners of the parent		**27,638**	15,098

*Restated under IFRS from UK GAAP

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	*2013
	£000	£000
Profit before tax	**9,671**	5,083
Finance income	**(40)**	(5)
Operating profit for the year	**9,631**	5,078
Adjustments for:		
Depreciation of property, plant and equipment	**131**	80
Amortisation of intangible assets	**294**	223
Change in fair value of derivatives outstanding at the year end	**(156)**	(193)
Share-based payments charge	**205**	15
Operating cash flow before movements in working capital	**10,105**	5,203
Movement in inventories	**(639)**	(2,267)
Movement in receivables	**(9,820)**	(746)
Movement in warranty provision	**139**	209
Movement in payables	**9,020**	(153)
Cash generated by operations	**8,805**	2,246
Income taxes paid	**(694)**	(652)
Net cash generated from operating activities	**8,111**	1,594
Investing activities		
Purchase of intangible assets	**(1,599)**	(1,016)
Purchase of property, plant and equipment	**(234)**	(338)
Interest received	**40**	5
Net cash used on investing activities	**(1,793)**	(1,349)
Financing activities		
Proceeds from issue of ordinary shares	**7,988**	331
Dividends paid	**(3,640)**	(1,573)
Net cash generated / (used) from financing activities	**4,348**	(1,242)
Net increase / (decrease) in cash and cash equivalents	**10,666**	(997)
Cash and cash equivalents at beginning of year	**5,227**	6,226
Non-cash movements	**(6)**	(2)
Cash and cash equivalents at end of year	**15,887**	5,227

*Restated under IFRS from UK GAAP

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Notes to the financial information

1. General information

This consolidated financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

2. Accounting policies

Basis of preparation
In accordance with Section 435 of the Companies Act 2006, the Group confirms that the financial information for the years ended 31 December 2014 and 2013 is derived from the Group's audited financial statements and that these are not statutory accounts and, as such, do not contain all information required to be disclosed in the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The statutory accounts for the year ended 31 December 2014 have been audited and approved, but have not yet been filed.

The statutory accounts for the year ended 31 December 2013 have been delivered to the Registrar of Companies. These accounts were prepared under UK Generally Accepted Accounting Principles ("UK GAAP") as they related to a period prior to the Company's move to AIM in 2014. As a result, the comparative financial information has been restated from UK GAAP to IFRS. Reconciliation statements showing the effect of the transition to IFRS are set out below. The IFRS comparative financial information is consistent with that disclosed in the Company's AIM admission document published on 24 April 2014.

The Group's audited financial statements for the year ended 31 December 2014 received an unqualified audit opinion and the auditor's report contained no statement under section 498(2) or 498(3) of the Companies Act 2006.

The financial information contained within this announcement was approved and authorised for issue by the Board on 25 April 2015.

The accounting policies adopted in the preparation of the consolidated 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.

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 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 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 ended 31 December 2014:

- Annual improvements 2011-2013
- IFRS 10 – Consolidated Financial Statement
- IFRS 11 – Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- Amendment to IAS 27 - Separate Financial Statements
- Amendment to IAS 28 - Interests in Associates and Joint Ventures
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendment to IAS 36 – Impairment of Assets
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement

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):

- Annual improvements 2010-2012
- Annual improvements 2012-2014
- IFRS 9 Financial Instruments
- IFRS 15 – Revenue from contracts with customers

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 with and overheads and other income statement information 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 2014, revenues of approximately £26.2m (2013: £20.7m) were derived from two (2013: three) external customers, each of which contributed over 10% of total external revenue of the Group. These revenues are attributable to the European and Retail business units.

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

	2014	2013
	£000	£000
Continuing operations:		
United Kingdom	**23,936**	26,466
Continental Europe and Rest of World	**41,664**	21,891
	65,600	48,357

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

	2014	2013
	£000	£000
Continuing operations:		
UK	**4,820**	3,461
Canada	**218**	172
Non-current assets	**5,038**	3,633

4. Income tax

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

	2014	2013
	£000	£000
Current tax		
UK corporation tax charge	**1,596**	769
UK – Adjustments in respect of prior periods charge / (credit)	**136**	(81)
Foreign tax charge	**11**	88
	1,743	776
Deferred tax		
Origination and reversal of temporary differences	**209**	170
Income tax expense	**1,952**	946

Domestic income tax is calculated at 21.5% (2013: 23%) of the estimated assessable profit for the year.

The effective tax rate was 20% (2013: 19%). The increase is primarily attributed to the adjustment in respect of prior period's charge which increased the taxable charge for the year.

During the year, as a result of the change in the UK corporation tax rate from 23% to 21% that was substantively enacted on 26 June 2013 and that was effective from 1 April 2014, the relevant deferred tax balances have been re-assessed. Deferred tax expected to reverse in the year to 31 December 2014 has been measured using the effective rate that will apply in the UK for the future period.

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5. Earnings per share

The calculation of the basic and diluted earnings per share post exceptional items and before share-based payments charge is based on the following data:

Earnings from continuing operations	**2014 £000**	2013 £000
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the parent)	**7,719**	4,138
Share based payment charge	**205**	15
Earnings for the purposes of diluted earnings per share	**7,924**	4,153
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**43,824**	39,087
Effect of dilutive potential ordinary shares:		
Deemed issue of potentially dilutive shares	**302**	1,471
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**44,126**	40,558

	2014 pence	2013 pence
Basic earnings per share (pence)	**17.6**	10.6
Diluted earnings per share (pence)	**17.6**	10.2

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

Earnings from continuing operations	**2014 £000**	2013 £000
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the parent)	**7,719**	4,138
Exceptional AIM costs (2013: Exceptional hostile bid costs)	**525**	398
Earnings for the purposes of basic earnings per share pre-exceptional	**8,244**	4,536
Share based payment charge	**205**	15
Earnings for the purposes of diluted earnings per share pre-exceptional	**8,449**	4,551
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**43,824**	39,087
Effect of dilutive potential ordinary shares:		
Deemed issue of potentially dilutive shares:	**302**	1,471
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**44,126**	40,558

	2014 pence	2013 pence
Basic earnings per share (pence) pre-exceptional costs	**18.8**	11.6
Diluted earnings per share (pence) pre-exceptional costs	**18.8**	11.2

For the basis of the diluted earnings per share above, this is stated to be the same as the basic earnings per share due to the 'anti-dilutive' nature of the share options.

6. Other intangible assets

	Product development costs £000	**Computer software £000**	**Total £000**
Cost			
At 1 January 2013	3,244	205	3,449
Additions	988	28	1,016
At 31 December 2013	4,232	233	4,465
Additions	1,592	7	1,599
At 31 December 2014	**5,824**	**240**	**6,064**
Amortisation			
At 1 January 2013	1,109	105	1,214
Amortisation for the year	186	37	223
At 31 December 2013	1,295	142	1,437
Amortisation for the year	236	58	294
At 31 December 2014	**1,531**	**200**	**1,731**
Carrying amount			
At 31 December 2013	2,937	91	3,028
At 31 December 2014	**4,293**	**40**	**4,333**

The total amortisation charge of £294,000 (2013: £223,000) has been recognised within administration expenses.

7. Share capital

	Company 2014 Number '000	Company 2013 Number '000
Authorised:		
100,000,000 Ordinary shares of 2p each		
Ordinary shares in issue:		
As at 1 January	**40,075**	38,584
Issue of shares in respect of admission to AIM	**4,000**	-
Issue of shares in respect of share options exercised	**1,421**	1,491
As at 31 December	**45,496**	40,075

Issued and fully paid Ordinary shares of 2p each:	**£000**	£000
As at 1 January	**801**	771
Issue of share capital in respect of admission to AIM	**80**	-
Issue of share capital in respect of share options exercised	**28**	30
As at 31 December	**909**	801

The Company has one class of ordinary shares which carry no right 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. The share-based payment charge for the year of £0.2m is attributable to these share options and is included within administrative expenses in the Consolidated Income Statement.

8. Dividends

On 4 July 2014, a dividend of £2.7m, 6.0 pence per share, was paid to shareholders. On 31 October 2014 an interim dividend of £0.9m, 2.0 pence per share, was paid to shareholders.

In respect of the year ended 31 December 2014, the directors recommend 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 is subject to approval by shareholders at the Annual General Meeting to be held on 3 June 2015 and has not been included as a liability in these financial statements. The total estimated final dividend to be paid is £2.7m.

9. Foreign currency

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

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.

These 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 financial reporting purposes. They report directly to the Group Finance Director ("GFD"). Discussions of valuation processes and results are held with the GFD each month, in line with the Group's reporting dates.

The total net gain on forward contracts recognised in the profit for the year ended 31 December 2014 was £0.4m (2013: £0.2m gain) and is included within "Cost of Sales".

11. 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 year, Group companies entered into the following transactions with Jarden which is not a member of the Group:

	Jarden	
	2014	2013
	£000	£000
Sales of goods in year	**2,792**	189
Purchases of goods in year including engineering fees	**28,956**	18,036
Distribution agreement fee	**4,164**	4,164
Dividends payable	**643**	400
Amounts owed by related parties at year end	**13,486**	6,100
Amounts owed to related parties at year end	**580**	97

Jarden, through its subsidiary BRK Brands holds a significant proportion of the Company's ordinary shares (23.6% as at 31 December 2014) and has representation on the Company's board of directors. 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 purchased products and charging the Company for its ongoing engineering support for its BRK, First Alert and Dicon brands. Sales of goods in the year relate to Jarden's wholly owned subsidiary, Mapa Spontex which is based in France.

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

Notification of potential 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 or early next year to make way for a proposed new railway line which the Chinese government has indicated may run through the site of the current facility. Sprue understands that Jarden is seeking clarification of the potential impact and timing of the proposed new railway line on CICAM.

Sprue further understands that Jarden is in the process of identifying appropriate alternative manufacturing facilities close to the current CICAM facility and developing plans to migrate production from CICAM's current facility. Sprue will work closely with Jarden to take the appropriate steps to build up buffer stocks prior to the potential 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 now engaging 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 residual risk that the relocation of CICAM's activities could potentially disrupt Sprue's business. To mitigate any potential disruption, Sprue continues to work closely with Jarden and Sprue's own full time manufacturing specialist who is based in China to help project manage the transition to the new facility.

The supply of Sprue's own CO alarms from its other supplier, Pace Technology Limited is unaffected.

12. Date of approval of financial statements

These financial statements cover the period 1 January 2014 to 31 December 2014 and were approved by the Board on 25 April 2015. Further copies of the financial statements can be accessed on the Sprue Aegis plc investor relations website, www.sprueaegis.com.

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Reconciliation of consolidated income statement from UK GAAP to IFRS
For the year ended 31 December 2013

	Year ended 31 December 2013 UK GAAP £000	Effect of transition to IFRS £000	Year ended 31 December 2013 IFRS £000
Revenue	48,357	-	48,357
Cost of sales	(34,512)	192	(34,320)
Gross profit	13,845	192	14,037
Distribution costs	(602)	1	(601)
Administrative expenses excluding share-based payments charge and exceptional items	(7,963)	19	(7,944)
Share-based payments charge	(15)	-	(15)
Exceptional items*	(398)	-	(398)
Total administrative expenses	(8,376)	19	(8,357)
Total fixed costs	(8,978)	20	(8,958)
Profit from operations	4,867	212	5,079
Finance income	5	-	5
Profit before tax	4,872	212	5,084
Income tax	(633)	(313)	(946)
Profit attributable to equity owners of the parent	4,239	(101)	4,138
Earnings per share			
From continuing operations:			
Basic	10.9	(0.3)	10.6
Diluted	10.2	-	10.2

All amounts stated relate to continuing activities.

*Exceptional items include hostile bid defence costs of £0.4m in 2013.

Reconciliation of consolidated statement of comprehensive income
For the year ended 31 December 2013

	Year ended 31 December 2013 UK GAAP £000	Effect of transition to IFRS £000	Year ended 31 December 2013 IFRS £000
Profit for the year	4,239	(101)	4,138
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations (net of tax)	(26)	(12)	(38)
Other comprehensive income for the year	(26)	(12)	(38)
Total comprehensive income for the year	4,213	(113)	4,100

SPRUE AEGIS

Reconciliation of statement of consolidated financial position from UK GAAP to IFRS
As at 31 December 2013

	As at 31 December 2013 UK GAAP £000	Effect of transition to IFRS £000	As at 31 December 2013 IFRS £000
Non-current assets			
Goodwill	112	57	169
Other intangible assets	2,937	91	3,028
Plant and equipment	527	(91)	436
Deferred tax assets	-	292	292
	3,576	349	3,925
Current assets			
Inventories	7,670	1	7,671
Trade and other receivables	10,328	-	10,328
Current tax assets	65	-	65
Derivative financial assets	-	307	307
Cash and cash equivalents	5,227	-	5,227
	23,290	308	23,598
Total assets	26,866	657	27,523
Current liabilities			
Trade and other payables	(10,860)	-	(10,860)
Current tax liabilities	-	-	-
Derivative financial liabilities	-	(95)	(95)
	(10,860)	(95)	(10,955)
Net current assets	12,430	213	12,643
Non-current liabilities			
Deferred tax liabilities	(693)	(43)	(736)
Provisions	(734)	-	(734)
	(1,427)	(43)	(1,470)
Total liabilities	(12,287)	(138)	(12,425)
Net assets	14,579	519	15,098
Equity			
Share capital	801	-	801
Share premium	4,123	-	4,123
Foreign exchange reserve	(48)	-	(48)
Retained earnings	9,703	519	10,222
Total equity attributable to the owners of the parent	14,579	519	15,098

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Reconciliation of consolidated cash flow statement from UK GAAP to IFRS
For the year ended 31 December 2013

	Year ended 31 December 2013 UK GAAP £000	Effect of transition to IFRS £000	Year ended 31 December 2013 IFRS £000
Profit before tax	5,083	-	5,083
Finance income	(5)	-	(5)
Operating profit for the year	5,078	-	5,078
Adjustments for:			
Depreciation of property, plant and equipment	80	-	80
Amortisation of intangible assets	223	-	223
Change in fair value of derivatives outstanding at the year end	(193)	-	(193)
Share-based payments charge	15	-	15
Operating cash flows before movements in working capital	5,203	-	5,203
Movement in inventories	(2,267)	-	(2,267)
Movement in receivables	(746)	-	(746)
Movement in warranty provision	209	-	209
Movement in payables	(153)	-	(153)
Cash generated by operations	2,246	-	2,246
Income taxes paid	(652)	-	(652)
Net cash generated from operating activities	1,594	-	1,594
Investing activities			
Purchase of intangible assets	(988)	(28)	(1,016)
Purchase of property, plant and equipment	(366)	28	(338)
Interest received	5	-	5
Net cash used on investing activities	(1,349)	-	(1,349)
Financing activities			
Proceeds from issuance of ordinary shares	331	-	331
Dividends paid	(1,573)	-	(1,573)
Net cash used in financing activities	(1,242)	-	(1,242)
Net decrease in cash and cash equivalents	(997)		(997)
Cash and cash equivalents at beginning of year	6,226	-	6,226
Non-cash movement	(2)	-	(2)
Cash and cash equivalents at end of year	5,227	-	5,227

Responsibility Statement

We confirm to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IFRS's;
- the 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 financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the following year; and
- the 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 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 2014 Annual Report.

By order of the Board

Graham Whitworth
Executive Chairman

John Gahan
Group Finance Director

Board of Directors

Executive

G Whitworth — *Executive Chairman*
J Gahan — *Group Finance Director*
N Rutter — *Managing Director*

Non-executive

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

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