



**FOR IMMEDIATE RELEASE**

**23 September 2008**

**Sprue Aegis plc**

**Interim Results for the six months ended 30 June 2008**

Sprue Aegis plc ("Sprue" or "the Company"; Plus-quoted: SPRP), the designer, manufacturer and distributor of the FireAngel range of innovative safety products, announces its unaudited results for the six months ended 30 June 2008.

**Financial highlights:**

- Profit before tax increased to £0.685 million (1H 2007: £0.284 million)
- Turnover in the first half increased by 24% to £4.13 million (1H 2007: £3.33 million)
- Gross margins improved from 38% for the prior-year period to nearly 44%
- SGA costs increased as we strengthened our team with new hires and additional customer sales and marketing support
- Conversion of £1 million unsecured convertible loan stock ("CULS") in May strengthened the balance sheet and resulted in the reversal of £88k of interest payments no longer due

**Operational highlights:**

- Execution of business plan in current financial year in line with management expectations
- Further growth in market share within UK Fire Services, resulting from the introduction of the 600 battery-operated range of smoke alarms and Wi-Safe safety accessories
- Retail sales of CO detectors remain buoyant
- Wi-Safe applications serving the deaf and hearing impaired markets have generated considerable interest from the Fire Brigades and social services

Commenting on these results, Graham Whitworth, Chairman & CEO of Sprue Aegis plc, said:

*"Our strategy of broadening FireAngel's product range and distribution channels is boosting sales volumes which, given our highly scaleable business model, are now feeding through to the bottom line. Whilst we remain mindful of raw material price pressures and currency fluctuations, our business/product mix has demonstrated an ability to mitigate the impact of the UK economic slowdown in the first half of the year. Going forward, management sees further growth opportunities as a result of increased brand recognition and market penetration as new products are brought to market."*

**Notes to Editors**

Based in Coventry, UK, Sprue Aegis plc designs, manufactures, sources and distributes an extensive range of home safety products. The subsidiary company, FireAngel Ltd, has established a strong UK retail presence and is an approved supplier of smoke alarms to fire brigades throughout England under the central FireBuy tender framework. Other distribution channels include social housing, electrical distributors/wholesalers and the US market via DuPont. The Group owns US and European patented technology enabling the powering and testing of electronic safety devices via lighting circuits; additionally the company has recently introduced an extended range of battery operated smoke alarms tested to the latest European standards and innovative Wi-Safe enabled safety product accessories on which patents are pending.

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## CHAIRMAN'S STATEMENT

I am pleased to report that Sprue's profitability has continued to improve during the first half of 2008. Our sales revenues are benefiting from new retail and non retail product launches combined with recent wins within the Fire Brigade, social housing and wholesale markets. New additions to the Wi-Safe safety accessories range, most notably a vibrating pillow pad and strobe which we have developed as aids for the hearing-impaired, have been very well received by both the Fire Brigades and the social services. FireAngel is fast becoming the leading supplier by volume to the UK Fire Services. Currently the brigades, to whom we are the main supplier, provide Fire and Rescue Services including free home safety checks on request to more than 30 million in terms of population, comprising some 8.5 million homes.

A key objective has been to diversify our sales across the UK retail and non-retail sectors. We now have a balanced sales mix, with around half of our revenues coming from retail and half from non-retail, with a similar near 50:50 split between carbon monoxide ("CO") and smoke products across our target sectors. This, the Board believes, should help insulate the Company from an UK economic slowdown, as demand for many of our products is driven by duty of care and safety regulations.

It has been jointly agreed with CIP Industries L.P. Incorporated ("CIPI"), the owners of QSA Global Ltd ("QSA"), that a merger at this time would not be appropriate as CIPI wish to monetise elements of their portfolio within the next 12 months. Sprue's business relationship with QSA, who now produce the Company's entire smoke detector and Wi-Safe product range, has been mutually beneficial and is expected to continue for the foreseeable future. As announced earlier this year, CIPI converted its £1 million CULS into Sprue shares, resulting in CIPI having a 17.1% interest in the Company. As a result of the conversion, accrued interest net of associated costs in relation to the CULS amounting to £88k as at 31 December 2007 has now been written back through the profit and loss account in 2008. In addition, the Company's balance sheet has been strengthened following the conversion.

### Outlook

Our strategy for 2008 has been to consolidate our UK position and to invest in our product offering and infrastructure to be able to take advantage of future growth opportunities as they arise.

We have continued to leverage our strength in product marketing, R&D and FireAngel's increasing brand recognition, which provides sustained competitive advantage. We have a number of new products due for release in late 2008/early 2009 and we continue to evaluate entry into Continental European markets, with discussions with potential partners on-going. Management is also focusing on business process improvements and cost efficiencies as additional drivers of future growth.

Despite a toughening global economy, the Board believes that Sprue remains on track to meet management expectations in terms of the full year results for 2008. Our UK sales remain seasonally weighted towards the second half of the year, largely due to the timing of Government-backed awareness campaigns for both fire and CO safety.

**GRA Whitworth  
Chairman & CEO  
Sprue Aegis plc**

**23 September 2008**

**SPRUE AEGIS plc**  
**UNAUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	<b>Six months ended 30 June 2008 £</b>	Six months ended 30 June 2007 £ Restated
<b>Turnover</b>	<b>4,130,500</b>	3,331,479
Cost of sales	<b>(2,324,468)</b>	(2,064,565)
<b>Gross profit</b>	<b>1,806,032</b>	1,266,914
Distribution costs	<b>(66,155)</b>	(58,895)
Research and development	<b>(140,480)</b>	(159,015)
Sales, General and Administrative (SGA) expenses	<b>(965,366)</b>	(676,290)
Goodwill amortisation	<b>(8,646)</b>	(8,646)
<b>Operating profit</b>	<b>625,385</b>	364,068
Interest receivable and similar income	<b>18,967</b>	13,615
Interest payable and similar charges	<b>40,623</b>	(94,153)
<b>Profit on ordinary activities before taxation</b>	<b>684,975</b>	283,530
Tax (charge)/credit	<b>(150,000)</b>	86,344
<b>Profit for the period</b>	<b>534,975</b>	369,874
<b>Earnings per share</b>		
Basic	<b>0.0181</b>	0.013
Diluted	<b>0.0176</b>	0.013

The results for the six months to June 2007 have been restated from last year's interim announcement to reflect the change in accounting policy implemented in the Group's last financial statements to December 2007, and also for the deferred tax asset recognised at the year end. Qualifying Research and development expenditure is now capitalised and amortised over its useful life in accordance with SSAP 13, rather than immediately expensed in the Profit and Loss account.

The directors of Sprue Aegis plc accept responsibility for this announcement. The financial information contained in this announcement has not been reviewed by the Company's auditors.