

FINANCIAL OVERVIEW

Revenues for the period more than doubled year-on-year thanks to FireAngel's extended product range, still buoyant demand for CO products and a number of new retail wins. Meeting this increased demand gave rise to additional freight and other costs in excess of GBP120,000 in the period, resulting in a 3.5 percentage point decline in gross margins. However, these additional costs are not expected to recur in the second half of the current financial year.

Inevitably, in view of the Group's ongoing commitment to product development, R&D expenditure has remained high. Over the past six months, Sprue Aegis has invested heavily in the development and launch of two new ranges; the "600 series" of advanced feature battery-operated smoke detectors and the Wi-Safe range of wireless smoke and CO detectors.

Interest accruing on the convertible unsecured loan note issued in October 2006 amounted to GBP48,000 in the first half. However, it should be noted that the interest will only be payable in the event that Sprue Aegis decides not to proceed with the planned acquisition of QSA Global Limited in 2008, as envisaged by the non-binding heads of agreement entered into in October 2006, and the loan note is accordingly redeemed. In the event that the acquisition does proceed, the loan note will be converted into shares and the interest charges will be reversed.

OPERATIONAL REVIEW

We made a number of important new retail wins during the first half of 2007, the most notable of which was B&Q, which has chosen FireAngel as its principal safety products supplier, and agreed to be the launch customer for both the 600 series and the Wi-Safe range. It is our intention to roll out these ranges both with Tesco and other major retail accounts in the second half of 2007.

The 600 series is a new stylish and feature-rich battery-operated range of smoke detectors, offering 1-and 10-year sealed battery variants. The introduction of this range, coupled with our more "consumer-friendly" packaging concepts, including our newly trade marked "Toast Proof" models that are less sensitive to cooking fumes, has led to increased retail sales due to wider customer/consumer acceptance.

At the heart of the Wi-Safe system is a personal alert handset, which sounds when a remote smoke or carbon monoxide detector has been activated and automatically turns into an escape torch once removed from its holder. We have received initial orders for the Wi-Safe range from a number of retailers upon which we expect to build this autumn once our scheduled, high profile media awareness campaign takes effect.

Following our successful tendering within the FireBuy national procurement framework for the UK Fire Brigades in 2005, FireAngel became a preferred supplier to the London Fire and Emergency Planning Authority in April. In January the Group succeeded in adding our 10-year sealed battery variant of the 600 series to the FireBuy procurement framework and we are currently shipping these alarms to London and a number of other UK Fire Brigades. Additionally a number of UK fire brigades have begun trialling the Wi-Safe alarms as a potential solution to alert people with hearing impairments.

These new ranges, coupled with enhanced packaging and merchandising concepts, are expected to strengthen our competitive position across all of our UK market segments. Our consumer-driven approach, with a focus on enhanced product features, is proving to be a key differentiator, enabling FireAngel to become a sustainable business on a UK-standalone basis. Our smoke and CO detector ranges are now independently tested to European standards which open up a longer term opportunity to extend our geographical reach.

OUTLOOK

The Group entered 2007 with a renewed sense of purpose and direction. Sprue Aegis has made an encouraging start to the current financial year, with significant new UK business wins, and a greatly strengthened product range. Hence the Board is confident in the Group's ability to build on the first half sales momentum, as Sprue Aegis transitions to a more established and

financially stronger entity, focused on sustained growth via ongoing product innovation, customer delivery and market expansion.

GRAHAM RA WHITWORTH
Chairman & CEO
Sprue Aegis plc

20 SEPTEMBER 2007

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	SIX MONTHS ENDED 30 JUNE 2007 GBP (UNAUDITED)	Six months ended 30 June 2006 GBP (unaudited)
TURNOVER	3,331,479	1,379,518
Cost of sales	(2,064,565)	(808,053)
GROSS PROFIT	1,266,914	571,465
Distribution costs	(58,895)	(32,389)
Research and development	(268,568)	(142,999)
Administrative expenses	(676,290)	(498,867)
Goodwill amortisation	(8,646)	(8,646)
OPERATING PROFIT/(LOSS)	254,515	(111,436)
Interest receivable and similar income	13,615	4,435
Interest payable and similar charges	(94,153)	(46,930)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	173,977	(153,931)
Tax on loss on ordinary activities	7,500	14,259
PROFIT/(LOSS) FOR THE PERIOD	181,477	(139,672)
PROFIT/(LOSS) PER SHARE Basic and diluted	0.006	(0.005)

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.

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