

The **TEP** Exchange

TEP Exchange Group PLC

Interim Results

for the six months ended 30th June, 2005

 **Exchange Group PLC**

Chairman's Statement

I am pleased to report the unaudited results for the six months ended 30th June 2005. Turnover for the period totalled £169,000 (2004: £75,000) resulting in a significantly improved operating position. The operating loss for the period was £36,000 compared to an operating loss of £204,000 in the same period last year. The loss on ordinary activities before and after taxation was £44,000 compared to a loss after tax of £209,000 in the first six months of last year.

Whilst trading results continue to be disappointing, the improved turnover reflects the noticeable increase in activity in the traded endowment policy market in the first half of 2005, which is expected to improve group performance as the year progresses. The strong demand for British TEPs, especially in Europe, is expected to be maintained during the balance of 2005 and thereafter throughout 2006.

I am pleased to report that increased marketing is occurring on behalf of the Company. Earlier this year, the company's outsourcing partners, Surrenda-link Limited, appointed a new executive who was charged specifically with ensuring that the company would benefit both from the significant improvement in the TEP market and from marketing of new products on the TEP Exchange platform. Results already achieved include additional TEP market makers joining the exchange and the successful launch of new financial products via the platform. We believe we will see positive results from this in the future.

Your directors are not proposing an interim dividend.

George Kynoch
Chairman

14 September, 2005

TEP Exchange Group PLC

Consolidated Profit and Loss Account

For the six months ended 30th June, 2005

| | Six months ended 30th June 2005 (Unaudited) £'000 | Six months ended 30th June 2004 (Unaudited) £'000 | Year ended 31st December 2004 (Audited) £'000 |
|--|--|--|--|
| Turnover | 169 | 75 | 187 |
| Cost of sales | (52) | (20) | (43) |
| Gross profit | 117 | 55 | 144 |
| Administrative expenses | (243) | (399) | (906) |
| Other operating income | 90 | 140 | 266 |
| Operating loss | (36) | (204) | (496) |
| Interest receivable | – | – | – |
| Interest payable | (8) | (5) | (12) |
| Loss on ordinary activities before taxation | (44) | (209) | (508) |
| Taxation | – | – | – |
| Loss on ordinary activities after taxation | (44) | (209) | (508) |
| Loss per share (see Note 3) | (0.2p) | (0.12p) | (0.28p) |

TEP Exchange Group PLC

Consolidated Balance Sheet

As at 30th June, 2005

| | As at 30th June 2005 (Unaudited) £'000 | As at 30th June 2004 (Unaudited) £'000 | As at 31st December 2004 (Audited) £'000 |
|-------------------------------------|--|--|--|
| Fixed assets | | | |
| Tangible assets | 6 | 17 | 11 |
| Current assets | | | |
| Stock | 3 | 3 | 3 |
| Debtors and prepayments | 69 | 130 | 128 |
| Cash at bank and in hand | 84 | 11 | 13 |
| | 156 | 144 | 144 |
| Creditors: | | | |
| amounts falling due within one year | (498) | (585) | (879) |
| Net current liabilities | (342) | (441) | (735) |
| Creditors: | | | |
| amounts falling due after one year | (120) | - | - |
| Net Liabilities | (456) | (424) | (724) |
| Capital and reserves | | | |
| Called up share capital | 2,246 | 1,917 | 1,916 |
| Share premium | 3,667 | 3,667 | 3,667 |
| Profit and loss account | (6,369) | (6,008) | (6,307) |
| | (456) | (424) | (724) |

Notes to the Interim Results

1. Basis of preparation

The Interim accounts for the six months ended 30th June, 2005, are unaudited and do not constitute statutory accounts in accordance with section 240 of the Companies Act 1985. The interim accounts have been prepared in accordance with accounting policies consistent with the financial statements for the year ended 31st December, 2004.

Copies of the Interim Results will be sent to Shareholders shortly and will be available to members of the public from the Company's registered office, 12, Grosvenor Court, Foregate Street, Chester CH1 1HG. Full accounts for the year ended 31st December, 2004 on which the auditors gave an unqualified report and contained no statement under Section 237 (2) or (3) of the Companies Act 1985, have been delivered to the Registrar of Companies.

2. Dividends

No dividend is proposed for the six months ended 30th June, 2005.

3. Loss per Share

The loss per share has been calculated by dividing the loss after taxation for the period of £44,000 (2004: £209,000) by the weighted average number of ordinary shares of 224,543,426 (2004:176,754,867) in issue during the period.

Further Enquiries:

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