25 September 2012

TEP Exchange Group PLC
("TEP" or "the Company")

Half-yearly results for the six month period ended 30 June 2012

Chairman's Statement

I am pleased to report the unaudited results of the Company for the six month period ended 30 June 2012. Total revenue for the period was £521,000 (six month period ended 30 June 2011: £518,000), of which licence fee income amounted to £500,000 (six month period ended 30 June 2011: £500,000). The Company achieved a profit from operations of £374,000, compared to a profit from operations of £370,000 in the same period last year. The profit before and after taxation was £377,000, compared to a profit before and after taxation of £357,000 in the first six months of last year.

The licence fee income generated in the six month period ended 30 June 2012 was generated from the licensing of the electronic platform and all technology to SL Investment Management Limited, ("SL"), a 48.26 per cent shareholder in the Company. The licensing arrangements with SL were set out in the Company's announcement of the contract on 12 November 2010. In summary the Company has licensed its electronic platform and all technology to SL, in consideration for which TEP will receive a quarterly fee of £20,000. In addition, SL has been granted exclusive rights to develop and modify the electronic platform for a quarterly fee of £230,000 ("the Licence Agreement"). The Licence Agreement is for a period of 10 years; however, SL had the right to terminate the agreement on 30 April of each year, subject to certain conditions. On 3 September 2012, the Company announced that from 1 November 2012 the total quarterly licence fees payable to TEP will be reduced from £250,000 to £50,000 and in addition, SL will now have the right to terminate the Licence Agreement upon giving 30 days' prior written notice to TEP. Having regard to the revised arrangements under the Licence Agreement the directors consider that it is still appropriate to prepare these interim financial statements on the going concern basis.

The market demand for traded endowment policies still remains extremely depressed but the Company continues to work closely with marker makers in anticipation of increasing demand for policies. The directors are continuing to maintain strong controls over the Company's cost base and are also exploring opportunities to generate additional income.

The circular to shareholders dated 20 June 2012 contained details of a conditional capital reduction by way of cancellation of the Company's deferred shares and the cancellation of the Company's share premium account in order to effect dividend payments to shareholders. The Company has now obtained the approval of its Shareholders and the Courts for the capital reduction. The Board is currently undertaking the final part of the process to enable the Company to declare and pay it's first ever dividend. In addition, as announced on 3 September 2012, the Company has obtained agreement with the warrant holders that 86% of the existing warrants are to be cancelled and the remaining 14% of the warrants (enabling the warrant holders to increase their overall shareholding by 8.53% of the enlarged share capital of the Company) can be exercised for 12 months commencing from 1 October 2012 provided the Company has declared and paid a dividend of at least £250,000 to all shareholders prior to the exercise of the warrants.

George Kynoch
Chairman

25 September 2012

For further information please contact:

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Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2012

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Revenue	521	518	1,045
Administrative expenses	(147)	(148)	(357)
Profit from operations	374	370	688
Finance income / (costs)	3	(13)	(22)
Profit before income tax	377	357	666
Income tax expense	-	-	-
Profit attributable to the owners of the parent and total comprehensive income for the period	377	357	666
Earnings per share			
Basic and diluted earnings per share (note 3)	0.04p	0.09p	0.14p

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2012

Attributable to equity holders of the Company

	Share Capital (unaudited) £'000	**Share Premium (unaudited) £'000**	**Accumulated Losses (unaudited) £'000**	**Total Equity (unaudited) £'000**
At 1 January 2011	2,263	3,952	(6,943)	(728)
Total comprehensive income for the period	-	-	357	357
At 30 June 2011	2,263	3,952	(6,586)	(371)
Total comprehensive income for the period	-	-	309	309
Share issue in the period	4	81		85
At 31 December 2011	2,267	4,033	(6,277)	23
Total comprehensive income for the period	-	-	377	377
At 30 June 2012	**2,267**	**4,033**	**(5,900)**	**400**

Share capital is the amount subscribed for ordinary shares and deferred shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Accumulated losses represent cumulative losses of the Company and its subsidiaries (together the "Group") attributable to equity holders.

Consolidated Statement of Financial Position
as at 30 June 2012

	As at 30 June 2012 (unaudited) £'000	As at 30 June 2011 (unaudited) £'000	As at 31 December 2011 (audited) £'000
ASSETS			
Current assets			
Inventories	3	3	3
Trade and other receivables	448	352	151
Cash and cash equivalents	398	207	74
Total current assets	849	562	228
TOTAL ASSETS	849	562	228
LIABILITIES			
Current liabilities			
Borrowings	-	(379)	-
Trade and other payables	(449)	(554)	(205)
Total current liabilities	(449)	(933)	(205)
Non-current liabilities			
Borrowings	-	-	-
Total non-current liabilities	-	-	-
TOTAL LIABILITIES	(449)	(933)	(205)
TOTAL NET ASSETS / (LIABILITIES)	400	(371)	23
Equity attributable to equity holders of the parent			
Share capital	2,267	2,263	2,267
Share premium reserve	4,033	3,952	4,033
Accumulated losses	(5,900)	(6,586)	(6,277)
TOTAL EQUITY / (DEFICIT)	400	(371)	23

Consolidated Statement of Cash Flows
for the six months ended 30 June 2012

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Cash flows from operating activities			
Operating profit	377	357	666
(Increase) / decrease in trade and other receivables	(297)	(29)	173
Increase / (decrease) in trade and other payable	244	(15)	(365)
Cash generated by operating activities	324	313	474
Cash flows from financing activities			
Decrease in borrowings	-	(155)	(534)
Issue of ordinary share capital	-	-	85
Net increase in cash and cash equivalents	324	158	25
Cash and cash equivalents at beginning of period	74	49	49
Cash and cash equivalents at end of period	398	207	74
Cash and cash equivalents comprise:			
Cash available on demand	398	207	74

Notes to the half-yearly results

1. Basis of preparation

As permitted IAS 34, 'Interim Financial Reporting' has not been applied to these half-yearly results. The financial information of the Group for the six months ended 30 June 2012 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRS") and are in accordance with IFRS as issued by the IASB. The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial statements for the year ending 31 December 2012.

The financial information shown in this publication is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2011 have been derived from the statutory accounts for 2011. The statutory accounts have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain statements under the section 498(2) or 498(3) of the Companies Act 2006.

2. Dividends

No dividend is proposed for the six months ended 30 June 2012.

3. Earnings per share

The earnings per share has been calculated by dividing the profit after taxation for the period of £377,000 (six month period ended 30 June 2011: profit of £357,000 and year ended 31 December 2011: profit of £666,000) by the weighted average number of Ordinary Shares of 849,999,999 (six month period ended 30 June 2011: 399,999,999 and year ended 31 December 2011: 471,506,848) in issue during the period.

4. Going Concern

During the six month period ended 30 June 2012 the Group achieved a profit of £377,000 (year ended 31 December 2011 profit of £666,000) and at 30 June 2012 had net assets of £400,000 (31 December 2011 net assets of £23,000).

In reaching a decision as to whether the Company remains a going concern, the directors have given due regards to the following factors:

- During 2010, the Company entered into a 10-year licence agreement with SL Investment Management Limited ("SL"), which is generating revenue and cash for the Group. As a result the Group is now in a net asset position and the directors believe that the Group will be able to meet its liabilities as they fall due for the foreseeable future.
- The current financial position of SL.

On the basis of the above, and all other available information, the directors consider that it is appropriate to prepare the interim financial statements on the going concern basis.