

Regulatory Announcement

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Company	TEP Exchange Group PLC
TIDM	TEX
Headline	Interim Results
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TEP Exchange Group Plc

('TEP' or 'the Company')

Interim Results for the six months ended 30 June 2006

Chairman's Statement

I am pleased to report the unaudited results for the six months ended 30 June 2006. Turnover for the period totalled £136,000 (2005: £169,000). The operating loss for the period was £24,000 compared to an operating loss of £36,000 in the same period last year. The loss on ordinary activities before and after taxation was £41,000 compared to a loss after tax of £44,000 in the first six months of last year.

Whilst trading results continue to be disappointing, the current figure for deals in progress is at an all time high and reflects the increased activity in the traded endowment policy market. As a result of the increased demand for Traded Endowment Policies the TEP Exchange has been able to increase its transaction charge by 50 per cent., the result of which should be evident in the latter months of this year and early in 2007. The strong continental European demand for British TEPs is expected to strengthen further in the second half of 2006 and this is expected to continue throughout 2007.

Your Board continues to focus its efforts on financial viability and the creation of shareholder value. During 2006, opportunities to add non U.K. based trading activity and additional non-TEP related products were identified and are expected to be launched later this year and early in 2007.

Your directors are not proposing an interim dividend.

George Kynoch

Chairman

29 September 2006

Consolidated Profit and Loss Account

For the six months ended 30 June 2006

Six months ended	Six months ended	Year ended
30 June 2006	30 June 2005	31 December 2005 (audited)

	(unaudited)	(unaudited)	
	£'000	£'000	£'000
Turnover	136	169	404
Cost of sales	(35)	(52)	(121)
Gross profit	101	117	283
Administrative expenses	(214)	(243)	(525)
Other operating income	89	90	173
Operating loss	(24)	(36)	(69)
Interest receivable	-	-	1
Interest payable	(17)	(8)	(28)
Loss on ordinary activities before taxation	(41)	(44)	(96)
Taxation	-	-	-
Loss on ordinary activities after taxation	(41)	(44)	(96)
Loss per ordinary share (Note 3)	(0.02)p	(0.02)p	(0.04)p

Consolidated Balance Sheet

As at 30 June 2006

	At 30 June 2006 (unaudited)	At 30 June 2005 (unaudited)	At 31 December 2005 (audited)
	£'000	£'000	£'000
Fixed assets			
Tangible assets	-	6	-
Current assets			
Stock	3	3	3
Debtors and prepayments	121	69	208
Cash at bank and in hand	6	84	13
	130	156	224
Creditors: amounts falling due within one year	(616)	(498)	(681)
Net current liabilities	(486)	(342)	(457)

Creditors: amounts falling due after one year	(44)	(120)	(33)
Net liabilities	(530)	(456)	(490)
Capital and reserves			
Called up share capital	2,246	2,246	2,246
Share premium	3,667	3,667	3,667
Profit and loss account	(6,443)	(6,369)	(6,403)
Shareholders' deficit	(530)	(456)	(490)

Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	Six months ended 30 June 2006 (unaudited) £'000	Six months ended 30 June 2005 (unaudited) £'000	Year ended 31 December 2005 (audited) £'000
Net cash inflow/(outflow) from operating activities	25	(248)	(278)
Returns on investments and servicing of finance			
Interest received and similar income	-	-	1
Interest paid	(6)	(1)	(28)
Net cash outflow from returns on investments and servicing of finance	(6)	(1)	(27)
Financing			
New bank loan	-	190	190
Repayment of bank loan	(27)	(10)	(30)
Issue of ordinary shares	-	330	330
Net cash (outflow)/inflow from financing	(27)	510	490
Movement in cash	(8)	261	185

1. Basis of Preparation

The Interim accounts for the six months ended 30 June 2006, 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 31 December 2005.

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 31 December 2005 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. Contingent Liability

In calculating the taxation debtor at 30 June 2006, the Directors have assumed that there is a successful outcome to the discussions that are taking place with the tax authorities. As these discussions are at an early stage, it is difficult to quantify the financial impact on the Company in the event that there is an unsuccessful outcome to the discussions.

3. Loss per ordinary share

The loss per share has been calculated by dividing the loss after taxation for the period of £41,000 (2005: £44,000) by the weighted average number of ordinary shares of 224,543,426 (2005:224,543,426) in issue during the period.

4. Dividends

No dividend is proposed for the six months ended 30 June 2006.

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