

For release at 0700 on 20 September 2010

TEG GROUP PLC (AIM: TEG)
(“TEG” or “the Company”)

INTERIM RESULTS

The TEG Group Plc, the AIM-listed cutting edge green technology company, which develops and operates organic composting and energy plants, announces its interim results for the half year ended 30 June 2010.

Highlights

Financial

- Trading for the period in line with Board expectations.
- Half year revenues up substantially to £8,797,000 (2009: £4,484,000).
- The underlying loss for the interim period reduced by 50.8% to £391,000 (2009: £796,000 loss) after adjusting for the negative goodwill credit of £15,000 (2009: £851,000) arising due to the acquisition in June 2009 of Banham Compost Limited.
- Underlying EBITDA profit of £461,000 (2009: £273,000 loss).
- The Group recorded its first positive trading cash-flow for the period and the Group retains a healthy cash position with a closing balance as at 30 June 2010 of £4,650,000.

Operational

Greater Manchester Waste PFI Contract

- Construction of the Greater Manchester plant in Rochdale completed in June 2009 and the plant handed over in November 2009.
- Commissioning of second plant in Bredbury underway following construction completion.
- Construction at the third plant at Trafford commenced in April 2010.
- Planning approval gained at the remaining site in Bolton.

Simpro Limited Acquisition & Fundraising

- Acquisition of Simpro Limited, a well established Midlands-based composting business (announced 17/06/10) following a successful share placing to raise £6.8m before expenses. Simpro has six operating sites, immediate revenue and cash flow and potential for future growth.

Simpro is also part of a consortium that has secured preferred bidder status for the Milton Keynes Council contract that will be operated from a seventh site to be developed – it is expected to be operational by the third quarter of 2011.

Group Plant Operations

- Record plant performance in first half.
- Perth - revenues increased by 13.7%.
- Todmorden - revenues increased by 64%.
- Carleton Rode - integration of facility has proceeded to plan, and has exceeded expectations.
- Sherdley Farm - to be progressively closed during 2010.

Post Period End

- First AD project (announced on 26/07/10) to be constructed by TEG Biogas (Perth) Limited, a JV company established with Albion Ventures LLP. The facility is to be constructed on the existing TEG site in Perth, with technology supplied by UTS Biogastechnik GmbH (“UTS”) and the gas to power element supplied by Alkane Energy PLC (“Alkane”). TEG was able to secure project finance through Albion for the capital funding of the facility and additional grant funding from Zero Waste Scotland.

Market Update

- Annual escalation of Landfill Tax (“LFT”) continues to act as strong stimulus for the diversion of waste from landfill and for the development of new renewable energy and food waste recycling technologies. Statutory

obligations to divert waste from landfill are increasing annually and are expected to increase continuously until 2020. Central Government has also placed particular emphasis on AD and the Welsh assembly Government is considering a landfill ban for organic wastes. All of which are contributing to very favourable market conditions.

Commenting, Nigel Moore, Non-Executive Chairman, TEG Group Plc, said:

“The Board is very pleased with the continued growth of the business and the performance in the first Half of the year.”

“The acquisition of Carleton Rode has proved very successful and the recent acquisition and successful integration of Simpro further enhances the Group’s capabilities. The Board believes the Group’s strategy to grow the business by a combination of plant sales and owned and operated facilities, and to diversify into AD, is proving very successful and the Group intends to continue to pursue this strategy.”

“TEG’s ability to secure debt and project finance reinforce the Group’s ability to respond to changes in market procurement policy and to maintain strong future growth. The Group is very well placed to continue to take full advantage of its expanding market with both its Silo Cage in-vessel composting technology and its collaborations in the AD sector with UTS and Alkane.”

“The Board is confident that the Group has an exciting future with a strong outlook for trading in the remainder of 2010 and beyond.”

ENDS

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Editor’s Notes:

TEG

TEG provides an in-vessel composting technology, which is one of the few approved technologies capable of treating animal by-product (ABP) waste, and is now providing an anaerobic digestion (AD) technology to produce power from food waste. Plant economics are predominantly driven by the gate fees charged, rather than the value of the end product (compost). The AD plants also benefit from power sales and Renewable Obligations Certificates (“ROCS”) or Feed-in Tariffs (“FITs”). TEG owns its composting technology and has an agreement with UTS Biogastechnik GmbH (“UTS”) for the provision of AD technology into the UK waste markets. The TEG processes are an economic alternative to landfill.

The TEG Silo Cage System

The Silo Cage system, one of the few technologies in Europe capable of treating this waste, is a natural process producing compost as an end product. The compost is an excellent soil conditioner that fertilises, retains moisture, provides structure and reduces the incidence of plant disease. TEG’s Silo-Cages are housed in self-contained buildings, are not unsightly and are environmentally friendly.

Collaboration with UTS

Having supplied equipment to more than 1,500 equipped biogas plants, UTS Biogastechnik GmbH is one of the world’s leading biogas companies. The UTS group of companies offers services in the planning, construction, delivery and installation of biogas plants and their key components. The company has its own production facilities and service shops, technical design and development departments as well as mobile mechanical and biological customer service technicians to support the international client base. UTS also develops and sells specialized mixers, pumps and a variety of solid/liquid separating devices related to the biogas and agro/food markets. The

company is headquartered near Munich, Germany with subsidiaries in Italy, Hungary, Spain, the Czech Republic and now a rapidly developing company UTS Biogas Limited. to service the United Kingdom & Ireland markets.

Anagest, Stormy Down, Bridgend

TEG announced on 12 October 2009 that it will be developing a facility at Stormy Down, near Bridgend in association with Anagest, itself a joint venture between the site owner, a cement manufacturer (Cenin) and a farming concern, to develop a co-located anaerobic digestion ("AD") and in-vessel composting ("IVC") plant.

The site at Stormy Down benefits from planning permission for an AD plant and an IVC plant. The site is ideal for AD development with demand for heat and power from the cement manufacturer and outlets for the digestate through the farming partner. It is intended that construction at the facility will commence in 2010 and will ultimately provide up to 70,000 tonnes per annum of organic waste treatment capacity.

TEG Biogas (Perth) Limited

TEG announced on 26 July 2010 that it will be establishing its first anaerobic digestion ("AD") plant to operate alongside the Group's well established in vessel composting plant at Glenfarg, Perthshire. The Company has formed a 50:50 joint venture ("JV"), TEG Biogas (Perth) Limited ("TEG Biogas") with Albion Ventures LLP ("Albion"), the London based venture capital investor. TEG Biogas is to construct and operate a 16,000 tonnes per annum food waste AD plant and TEG will operate the plant on behalf of TEG Biogas under a management agreement. TEG will manage sales and will supply waste to the AD facility from its surplus currently under management.

TEG Biogas has been awarded a grant for approximately 20% of the plant and equipment capital funding (£700,000) by Zero Waste Scotland, the Scottish Government funded organisation that provides support to the waste and recycling sector. The grant will help fund the purchase of the AD plant and equipment. The TEG Biogas facility is expected to generate approximately 0.7 MW of electricity and 0.25 MW of heat.

General

Customers include local authorities, waste management companies, food processors, farmers and landowners. The Company's expanding market is driven by increasingly stringent EU and UK legislation regulating the treatment and disposal of organic waste. Statutory targets for the diversion of waste from landfill increase annually through to 2020, increasing TEG's market opportunity year on year.

The Natural Organic Fertiliser Company Limited ("NOFCO"), a subsidiary of TEG, is a marketing company specialising in the development of end markets for compost products, an important aspect of all plant developments and key to local authority development. The company has an expertise in the development of agricultural and horticultural markets and this capability is provided to customers to enhance TEG's overall service offering.

Chairman's statement

I am delighted to present the Group's interim report for the half year ended 30 June 2010.

Trading for the period has been in line with Board expectations. Half year revenue for the interim period was up substantially to £8,797,000 (2009 interim: £4,484,000). Loss for the interim period was £376,000 (2009 interim: £55,000 profit). The underlying loss¹ for the interim period was £391,000 (2009: £796,000 loss). The Group recorded a gross profit of £2,231,000 (2009 interim £1,252,000). Charges for the Simpro acquisition of £87,000 have been incurred in the period. No interim dividend is recommended.

The Group recorded its first positive trading cash-flow for the period and the Group retains a healthy cash position with a closing balance as at 30 June 2010 of £4,650,000.

Greater Manchester Waste PFI Contract

Construction of the Chichester Street facility, the Greater Manchester plant in Waithlands, Rochdale, was completed in June 2009 and the plant was handed over in November 2009. Commissioning of the second plant in Bredbury is underway following Construction Completion and construction at the third plant at Trafford commenced in April 2010. Planning approval has been granted at the remaining site in Bolton.

Simpro Limited Acquisition and Fundraising

As announced on 17 June 2010, the Group completed the acquisition of Simpro Limited following a successful share placing to raise £6.8 million before expenses. Simpro is a well established Midlands based composting business with six operating sites, immediate revenue and cash flow and potential for future growth.

The Board is delighted with financial performance to date and the business has met all expectations. However, it should be noted that the post acquisition evaluation of intangible assets, required under IFRS accounting guidance, will result in a non cash amortisation charge of approximately £300,000 per annum for 5 years reducing thereafter to an estimated £82,000 for a further 3 years.

Simpro is also part of a consortium that has secured preferred bidder status for the Milton Keynes Council contract that will be operated from a seventh site which is to be developed. The consortium is to construct an Anaerobic Digestion facility to process an anticipated 25,000 tonnes per annum of waste. The plant is expected to be operational by the third quarter of 2011.

Group Plant Operations

Despite very poor trading conditions due to the unusually adverse weather conditions in January and February, plant performance has been very good, achieving record levels for the Group, and growth in waste volumes has continued.

Revenues at Perth increased by 13.7% on the same period in 2009 and revenues at Todmorden increased by 64% on the same period.

The integration of the Carleton Rode facility has proceeded to plan, and pleasingly the operation has exceeded expectations. The plant had an installed capacity of 28,000 tonnes per annum, but we were very pleased to announce a contract with Essex Council that significantly increases demand at the plant. By relocating plant and equipment from Sherdley Farm in May, we have also been able to successfully expand capacity at the plant to approximately 35,000 tonnes per annum.

As previously announced, Sherdley Farm is to be progressively closed during 2010.

Anaerobic Digestion (“AD”)

TEG was delighted to announce on 26 July 2010 that its first AD project was to be constructed by TEG Biogas (Perth) Limited, which is a joint venture company established with Albion Ventures LLP (“Albion”), the London based venture capital investor. The facility, to be constructed on the existing TEG site in Perth, will process 16,000 tonnes per annum of food waste and will generate 0.7 MW of power and 0.25 MW of heat, which is to be supplied to the Binn Eco Park. Technology will be supplied by UTS Biogastechnik GmbH (“UTS”) and the gas to power element will be supplied by Alkane Energy PLC (“Alkane”). Pleasingly, TEG was able to secure project finance through Albion for the capital funding of the facility and secured additional grant funding from Zero Waste Scotland.

Earlier in 2010, the Group was very pleased to further advance its relationship with UTS by concluding a Licensing Agreement for the use of its anaerobic digestion technology in the UK waste market. This complements the collaboration agreement in place with Alkane.

Plant Sales and Construction

The Group announced in 2009 that its plant sale to Taywell Composting Limited, which is to be installed at its plant in Matlock, Derbyshire, was delayed awaiting the necessary final approvals. Taywell advises that this project is unlikely to receive the approvals in 2010. While this is disappointing for the 2010 full year it has been mitigated to a large degree by the sale of the AD plant to TEG Biogas Limited, which had not been in the Board’s original projections.

Market Update

The market continues to grow strongly as Local Authorities increasingly implement the separation of organic wastes from the mixed municipal waste stream. Statutory obligations to divert waste from landfill are increasing annually and are expected to increase continuously until 2020. Landfill Tax continues to rise annually and the new Government has confirmed a commitment to increase the tax by £8 per annum until at least 2014, with a guaranteed floor of £80 per tonne. Central Government, the Welsh Assembly and the Scottish Parliament have all announced an intention to promote the recycling of food waste as a priority waste stream. Government has also placed particular emphasis on AD and the Welsh assembly Government is considering a landfill ban for organic wastes. This is all creating very favourable market conditions for TEG.

The Group has observed high levels of Local Authority procurement activity and anticipates these elevated levels of activity to be maintained for the foreseeable future. At the same time, the Group has observed a significant change in procurement policy by Local Authorities, with more emphasis on the letting of long term contracts, in return for private sector investment, as opposed to direct plant procurement, which is positive in terms of visibility of earnings particularly for project finance providers.

Future Prospects

The acquisition of Carleton Rode has proved to be very successful and the recent acquisition and successful integration of Simpro further enhances the Group’s capabilities. The Board believes the Group’s strategy to grow the business by a combination of plant sales and owned and operated facilities, and to diversify into AD, is proving very successful and the Group intends to continue to pursue this organic strategy. TEG’s ability to secure debt and project finance reinforce the Group’s ability to respond to changes in market procurement policy and to maintain strong future growth. The Group is very well placed to continue to take full advantage of its expanding market with both its Silo Cage in-vessel composting technology and its collaborations in the AD sector with UTS and Alkane.

I am pleased to report that TEG maintains a strong pipeline of projects and anticipates that further projects will move into construction in 2010. The Group was pleased that the London Waste and Recycling Board has selected TEG’s London project as being one of only seven projects to enter its “infrastructure pool” for funding.

The Board is confident that the Group has an exciting future with a strong outlook for trading in the remainder of 2010 and beyond.

Nigel Moore
Chairman

20 September 2010

¹ Underlying loss after adjusting for the negative goodwill credit of £15,000 (2009: £851,000) arising due to the acquisition in 2009 of Banham Compost Limited.

Consolidated statement of comprehensive income

For the six months ended 30 June 2010

	Note	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Revenue	3	8,797	4,484	15,394
Cost of sales		(6,566)	(3,232)	(11,905)
Gross profit		2,231	1,252	3,489
Administrative expenses		(2,386)	(2,018)	(4,344)
Acquisition costs		(87)	-	-
Profit on sale of joint venture		-	-	135
Negative goodwill		15	851	956
Total administrative expenses		(2,458)	(1,167)	(3,253)
Operating (loss) / profit		(227)	85	236
Finance income		4	50	71
Finance costs		(153)	(80)	(152)
(Loss) / profit before tax		(376)	55	155
Income tax		-	-	88
(Loss) / profit for the period	3	(376)	55	243
Other comprehensive income		-	-	-
Total comprehensive (loss) / income for the period		(376)	55	243
Attributable to:				
Equity holders of the parent		(376)	55	243
Retained (loss) / profit		(376)	55	243
(Loss) / earnings per share				
Basic (loss) / earnings per share (pence)	5	(0.687)	0.114	0.479
Diluted (loss) / earnings per share (pence)	5	(0.687)	0.110	0.476
Underlying loss per share	5	(0.715)	(1.643)	(1.405)

Consolidated statement of financial position

As at 30 June 2010

	Note	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
ASSETS				
Non-current assets				
Goodwill		5,111	2,270	2,270
Property, plant and equipment		17,123	13,671	14,400
Intangible assets		1,711	-	-
		23,945	15,941	16,670
Current assets				
Inventories		615	89	407
Trade and other receivables		9,003	4,595	8,880
Taxation receivable		88	-	88
Cash and cash equivalents		4,650	5,816	3,770
		14,356	10,500	13,145
Total assets		38,301	26,441	29,815
LIABILITIES				
Current liabilities				
Trade and other payables		7,873	4,153	7,955
Financial liability		600	-	-
Current portion of long-term borrowings		704	873	328
Current portion of deferred consideration		218	231	224
		9,395	5,257	8,507
Non-current liabilities				
Long-term borrowings		2,220	2,000	1,942
Long-term deferred consideration		1,075	1,287	1,183
Deferred tax		792	-	-
		4,087	3,287	3,125
Total liabilities		13,482	8,544	11,632
Net assets		24,819	17,897	18,183
EQUITY				
Equity attributable to equity holders of the parent				
Share capital	4	3,761	2,651	2,651
Share premium		36,745	30,884	30,907
Other reserves		962	823	898
Retained losses		(16,649)	(16,461)	(16,273)
Total equity		24,819	17,897	18,183

Consolidated statement of changes in equity

For the six months ended 30 June 2010

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained losses £'000	Total £'000
Balance at 1 January 2009	2,414	29,357	752	(16,516)	16,007
Profit for the period	-	-	-	55	55
Total comprehensive income for the period	-	-	-	55	55
Issue of share capital	237	-	-	-	237
Premium on issue of share capital	-	1,663	-	-	1,663
Issue costs	-	(136)	-	-	(136)
Recognition of share-based payments	-	-	71	-	71
Transactions with owners	237	1,527	71	-	1,835
Balance at 30 June 2009	2,651	30,884	823	(16,461)	17,897
Profit for the period	-	-	-	188	188
Total comprehensive income for the period	-	-	-	188	188
Issue cost refund	-	23	-	-	23
Recognition of share based payments	-	-	75	-	75
Transactions with owners	-	23	75	-	98
Balance at 31 December 2009	2,651	30,907	898	(16,273)	18,183
Loss for the period	-	-	-	(376)	(376)
Total comprehensive income for the period	-	-	-	(376)	(376)
Issue of share capital	1,110	-	-	-	1,110
Premium on issue of share capital	-	6,238	-	-	6,238
Issue costs	-	(400)	-	-	(400)
Recognition of share-based payments	-	-	64	-	64
Transactions with owners	1,110	5,838	64	-	7,012
Balance at 30 June 2010	3,761	36,745	962	(16,649)	24,819

Consolidated statement of cash flows

For the six months ended 30 June 2010

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Cash flows from operating activities			
(Loss) / profit after taxation	(376)	55	243
Adjustments for:			
Negative goodwill	(15)	(851)	(956)
Depreciation	703	493	1,140
Share based administrative expense	64	71	146
Taxation credit recognised in the statement of comprehensive income	-	-	(88)
Interest expense	153	80	152
Investment income	(4)	(50)	(71)
(Profit) / loss on sale of property, plant and equipment	(6)	1	6
Profit on sale of joint venture	-	-	(135)
Decrease / (increase) in trade and other receivables	634	(908)	(5,112)
(Increase) / decrease in inventories	(208)	103	(215)
(Decrease)/increase in trade payables	(675)	(589)	2,887
	<hr/> 270	<hr/> (1,595)	<hr/> (2,003)
Cash from / (used in) operations			
Interest paid	(118)	(40)	(73)
Income taxes received	-	142	142
	<hr/> 152	<hr/> (1,493)	<hr/> (1,934)
Net cash from / (used in) operating activities			
Cash flows from investing activities			
Acquisition of business - deferred consideration	(150)	(150)	(300)
Acquisition of subsidiary net of cash acquired	(3,952)	(390)	(612)
Purchase of property, plant and equipment	(1,108)	(647)	(1,922)
Proceeds from sale of property, plant and equipment	16	-	18
Proceeds from sale of joint venture	-	-	135
Interest received	4	50	71
	<hr/> (5,190)	<hr/> (1,137)	<hr/> (2,610)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of share capital	6,398	1,765	1,787
Repayment of loan	(86)	(129)	(215)
Payment of finance lease liabilities	(394)	(21)	(89)
	<hr/> 5,918	<hr/> 1,615	<hr/> (1,483)
Net cash from / (used in) from financing activities			
Net increase / (decrease) in cash and cash equivalents	880	(1,015)	(3,061)
Cash and cash equivalents at beginning of period	3,770	6,831	6,831
	<hr/> 4,650	<hr/> 5,816	<hr/> 3,770
Cash and cash equivalents at end of period			

Notes to the interim report

1. Nature of operations and general information

The principal activities of The TEG Group Plc and its subsidiaries ('the Group') continue to be the design and production of Silo-cage plants for sale to third party clients, and the design, build and operation of TEG owned facilities.

The TEG Group Plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of TEG Group Plc's registered office, which is also its principal place of business, is Westmarch House, 42 Eaton Avenue, Buckshaw Village, Chorley, PR7 7NA. The TEG Group Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The TEG Group Plc's consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These consolidated condensed interim financial statements have been approved for issue by the Board of Directors on [13] September 2010.

The figures for 31 December 2009 are an abridged version of the Group's full financial statements and, together with other financial information contained in this interim report, do not constitute statutory financial statements of the Group as defined in Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 December 2009 have been filed with the Registrar of Companies for England and Wales and have been reported on by the Group's auditors. The report of the auditors was unqualified and did not contain a statement under section 498 (2) or Section 498 (3) of the Companies Act 2006.

2. Basis of preparation

The Group's interim condensed consolidated financial statements are for the six months ended 30 June 2010 and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2009.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year 31 December 2009, except for the adoption of IFRS 3 Business Combination (Revised 2008).

The revised standard (IFRS 3R) was adopted as of 1 January 2010 and has introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in IFRS 3R that had an impact on the Group's acquisitions in 2010 are as follows :

- Acquisition-related costs of the combination are recorded as an expense in the income statement. Previously, these costs would have been accounted for as a part of the cost of the acquisition.
- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit and loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

IFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. For the six months ended 30 June 2010, the adoptions of IFRS 3R has affected the accounting for the Group's acquisition of Simpro Limited (see note 6) by increasing the Group's expenses related to acquisition-related costs by £87,000.

Business combinations for which one acquisition date is before 1 January 2010 have not been restated.

The Group has considerable financial resources available. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and as such, the interim financial statements have been prepared on a Going Concern basis.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

3. Business segments

For management purposes, the Group is organised into the following business segments: Build own and operate facilities, Sales to third parties, Product management and Other revenue.

The revenues and net result generated by each of The TEG Group Plc's business segments are summarised as follows:

6 months to 30 June 2010

	Build, own and operate £'000	Sales to third parties £'000	Product management £'000	Other revenue £'000	Consolidated £'000
Revenue from external customers	2,147	6,567	72	11	8,797
Gross profit / (loss)	617	1,706	(103)	11	2,231
Segment corporate expenses	(786)	(485)	(181)	-	(1,452)
Segment (loss) / profit before taxation	(169)	1,221	(284)	11	779
Negative goodwill					15
Share-based payment expense					(64)
Acquisition costs					(87)
Unallocated corporate expenses					(870)
Finance income					4
Finance costs					(153)
Loss before taxation					(376)
Taxation					-
Loss for the period					(376)

Unallocated corporate expenses include £380,000 in respect of future business and research and development costs.

6 months to 30 June 2009

	Build, own and operate £'000	Sales to third parties £'000	Product management £'000	Other revenue £'000	Consolidated £'000
Revenue from external customers	1,355	2,971	50	108	4,484
Gross profit / (loss)	144	1,059	(57)	106	1,252
Segment corporate expenses	(576)	(427)	(129)	-	(1,132)
Segment (loss) / profit before taxation	(432)	632	(186)	106	120
Negative goodwill					851
Share-based payment expense					(71)
Unallocated corporate expenses					(815)
Finance income					50
Finance costs					(80)
Profit before taxation					55
Taxation					-
Profit for the period					55

Unallocated corporate expenses include £375,000 in respect of future business and research and development costs.

Year to 31 December 2009

	Build, own and operate £'000	Sales to third parties £'000	Product management £'000	Other revenue £'000	Consolidated £'000
Revenue from external customers	3,206	11,949	111	128	15,394
Gross (loss) / profit	(76)	3,563	(126)	128	3,489
Segment corporate expenses	(1,237)	(868)	(314)	(128)	(2,547)
Segment (loss) / profit before taxation	(1,313)	2,695	(440)	-	942
Negative goodwill					956
Share-based payment expense					(146)
Unallocated corporate expenses					(1,516)
Finance income					71
Finance costs					(152)
Profit before taxation					155
Taxation					88
Profit for the year					243

Unallocated corporate expenses include £694,000 in respect of future business and research and development costs.

4. Share Capital

During the period to 30 June 2010, the Group issued 22,195,222 shares. Shares issued and authorised for the period to 30 June 2010 may be summarised as follows:

6 months to 30 June 2010

	Number	£'000
At 1 January 2010	53,038,381	2,651
Issue of shares	22,195,222	1,110
At 30 June 2010	<u>75,233,603</u>	<u>3,761</u>

6 months to 30 June 2009

	Number	£'000
At 1 January 2009	48,288,381	2,414
Issue of shares	4,750,000	237
At 30 June 2009	<u>53,038,381</u>	<u>2,651</u>

Year to 31 December 2009

	Number	£'000
At 1 January 2009	48,288,381	2,414
Issue of shares	4,750,000	237
As at 31 December 2009	<u>53,038,381</u>	<u>2,651</u>

The share issue yielded £6,798,000 before expenses. In addition, £550,000 of shares were issued in relation to the acquisition of Simpro Limited (see note 6). Overall, equity increased by £6,948,000 after issue costs.

5. (Loss) / earnings per share

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
(Loss) / profit for the period	<u>(376)</u>	55	243
Basic/diluted (losses) / earnings	<u>(376)</u>	55	243
Adjustments to basic earnings			
Negative goodwill	<u>(15)</u>	(851)	(956)
Underlying losses	<u>(391)</u>	<u>(796)</u>	<u>(713)</u>

	Number		
Weighted average number of shares for the purposes of basic earnings per share	54,713,799	48,445,840	50,760,984
Effect of dilutive potential ordinary shares	-	1,585,182	244,885
Weighted average number of shares for the purposes of diluted earnings per share	<u>54,713,799</u>	<u>50,031,022</u>	<u>51,005,869</u>
Weighted average number of shares for the purposes of underlying earnings per share	<u>54,713,799</u>	<u>48,445,840</u>	<u>50,760,984</u>

		Pence	
Basic (loss) / earnings per share	(0.687)	0.114	0.479
Diluted (loss) / earnings per share	(0.687)	0.110	0.476
Underlying loss per share	(0.715)	(1.643)	(1.405)

Underlying earnings per share has been disclosed to give a clear understanding of the Group's underlying trading performance. It has been calculated using the underlying earnings figures above and the weighted average number of ordinary shares above.

Diluted earnings per share is the basic earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the number of options outstanding during the period. The share options in issue at 30 June 2010 are anti-dilutive in respect of the basic loss per share calculation and have therefore not been included in the current period.

6. Business combinations

On 21 June 2010, the Group acquired 100% of the issued share capital of Simpro Limited, a company based in the UK, for a consideration of £6,204,000 including £87,000 of acquisition-related costs which was settled by a combination of cash and equity. All of the acquisition-related costs have been recorded as an expense in the income statement. The transaction has been accounted for through one application of IFRS 3 Business Combination (Revised 2008) and using the acquisition method of accounting.

The allocation of the purchase price to the assets and liabilities of Simpro Limited was only provisionally completed by 30 June 2010 due to the timing of the acquisition. The amounts provisionally recognised for each class of the acquiree's assets and liabilities recognised at the acquisition date are as follows:

	Carrying amount under IFRS £'000	Provisional fair value adjustments £'000	Provisional fair value to the group £'000
Net assets acquired			
Intangible assets	-	1,711	1,711
Property, plant and equipment	1,290	-	1,290
Trade and other receivables	755	-	755
Cash and cash equivalents	898	-	898
Total assets	2,943	1,711	4,654
Trade and other payables	(490)	-	(490)
Short-term debt	(96)	-	(96)
Deferred tax liability	(313)	(479)	(792)
Total liabilities	(899)	(479)	(1,378)
Net assets			3,276
Goodwill arising on the acquisition			2,841
			6,117
Satisfied by			
Cash consideration			4,967
Equity issued			400
Contingent equity consideration			750
			6,117

Of the £750,000 contingent equity consideration noted above, £150,000 has been satisfied by the issue of shares prior to 30 June 2010.

On 25 June 2009, the Group acquired 100% of the issued share capital of Banham Compost Limited, a company based in the UK for a consideration of £615,000 including costs, which was settled in cash. The transaction has been accounted for by the purchase method of accounting.

The provisional fair values have been reassessed during the hindsight period, giving rise to £15,000 of revisions to the provisional fair values and therefore a credit of this amount has been recognised as income in the statement of comprehensive income.

Independent review report to TEG Group PLC

Introduction

We have been engaged by the company to review the condensed financial information in the interim report for the six months ended 30 June 2010 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes 1 to 6. We have read the other information contained in the interim report which comprises only the Chairman's statement and considered whether it contains any misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial information in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the interim report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with the basis of accounting described in note 1.

**GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
MANCHESTER**

20 September 2010