Introduction

The first six months of 2008 started well, with revenues in line with expectations. However, revenues weakened in later months as the economic and investment background became more challenging, and this trend continued for the remainder of the period under review. As a consequence the first half saw some reduction in profits when compared to the corresponding period. However recurring income continued to rise and cash balances were significantly higher at the period end.

The merger between Lighthouse Group plc ("Lighthouse" or "the Group") and Sumus Plc ("Sumus") was completed on 6th May and I have pleasure in welcoming the new Lighthouse shareholders who have joined the Group. The integration of the two groups has progressed extremely well. No surprises have emerged and the combined management team is working well.

The Group is pleased to announce the payment of an interim dividend of 0.2 pence per share (2007: nil).

Trading Highlights

	6 months ended 30 June 2008	6 months ended 30 June 2007
	£m	£m
Revenue	**25.51**	26.57
Gross profit	**7.58**	8.29
Operating costs	**7.07**	7.46
EBITDA *	**0.51**	0.83
Profit before taxation	**0.44**	0.79
	Pence	Pence
Basic earnings per share	**0.37**	1.1
Dividend per share	**0.2**	nil

*Earnings before interest, tax, depreciation, amortisation and exceptional items.

Financial Review

Revenues for the six months ended 30 June 2008 decreased by approximately £1 million, or 4 per cent., to £25.5 million compared to 2007, the bulk of this decrease being seen late in the second quarter.

Gross profit declined to £7.6 million from £8.3 million in 2007, a decrease of 8 per cent. However, operating costs also reduced from £7.5 million to £7.1 million (5 per cent.) which cushioned the effect of the reduction in the gross profit.

At the EBITDA level (earnings before interest, tax, depreciation, amortisation and exceptional items) the Group's results decreased by £317,000 to £513,000, a decline of 38 per cent.

Net interest received rose to £204,000 (2007: £125,000) due to additional cash resources, resulting in a profit before taxation of £442,000 (2007: £786,000).

Net assets at 30 June 2008 stood at £22.6 million (2007: £12.9 million) of which cash balances were £12.3 million (2007: £7.7 million). This is before taking into account the five year trading facility of £4.5 million (2007: £nil) provided by LV= to facilitate the merger with Sumus.

The high level of cash balances held, and the absence of external bank debt, with the usual attendant covenants, provides an extremely stable base for the Group's future operations against a challenging economic environment.

Merger with Sumus

This merger brought together the two largest AIM quoted independent IFA and Wealth Management groups, to create the largest such entity in the U.K. with some 850 advisers providing nationwide coverage through a number of distribution channels. Both Lighthouse and Sumus have a background of profits, liquid balance sheets with no bank debt, and good regulatory histories over a lengthy period.

The merged Group has drawn directors and employees from both former entities, and the new management team has settled very effectively. Already a number of functions have been fully integrated, including Financial Reporting, IT, HR, and executive reporting structures. Other operating procedures and policies are also being reviewed to develop and maintain best practice across the Group. A financial consequence of these actions has been the early attainment of the previously announced target of £1 million of annualised merger cost savings, the full benefit of which will now flow through in 2009.

Recurring Revenue

The Group continues to focus on growing the proportion of recurring revenues. This is in line with the Group's core philosophy of developing long-term relationships with its clients and is invariably linked to on-going advice for them. The focus is also in the interests of advisers and the Group as it improves visibility of earnings for both.

I am therefore pleased to report a significant rise in recurring income to £4.9 million for the 6 month period, compared to £4.1 million, an increase of 20 per cent. over the corresponding previous period. The Group will continue to work to maintain this trend.

New investment flows were £489 million for the period, compared to £530 million for the first half of 2007. In aggregate the total funds under advice is now approximately £6.3 billion, an increase of 12 per cent. since 30 June 2007.

The Group developed the LighthouseCapital initiative in the latter half of last year. This is designed to offer clients risk based investment solutions, while simultaneously increasing the Group's influence over investment funds, and related recurring revenues and margins. Since the start of the year, LighthouseCapital has broadened further to include two new discretionary fund managers and two fund of funds ranges. The initiative was rolled out to the LighthouseTemple division and the LighthouseCarrwood division is now expected to commence significant participation. The Group is also working to refine the offering for its network members and their clients.

Retail Distribution Review

This was set up by the Treasury primarily to seek to reduce the savings and protection gap in the UK. The FSA has recently announced that its next significant publication on this matter will be delayed towards the end of this year. It is now possible that the RDR could turn out to be a rather less dramatic event than has been anticipated, and in any event any implementation timetable would have to take many years.

Dividends

I am pleased to announce the Group's interim dividend following the first final dividend payment made earlier this year in respect of 2007. The amount is 0.2 pence per share which will be paid on 30 October 2008 to shareholders on the register at 3 October 2008.

Outlook

Twelve months ago I reported that "prolonged volatility, or significant contamination from the debt markets into equity markets and related products, could make clients more hesitant about certain investment products in the future". The financial cycle having turned, it is not surprising that Group revenues have retreated. The Board does not see this reversing in the immediate future. Accordingly in addition to the £1 million merger savings indicated previously, the Board has commenced an exercise to procure an additional £1 million of annualised cost savings, to bring the resulting expense base into line with anticipated future revenues while maintaining the requisite service levels.

The Group's revenue is not immune from the financial and economic cycles and accordingly, despite the rapid action on its cost base, the outlook for profits for the current year is now lower than that originally envisaged. However, the actions taken by the Group should protect trading expectations for 2009 and beyond. In the meantime the Group continues to trade profitably and its operations continue to generate surplus cash.

In parallel, the Group's strong and liquid balance sheet provides considerable financial and operational security. This, together with the substantial scale of the Group in the context of this sector, means it is now well positioned to take advantage of any acquisition opportunities arising at this point in the cycle.

Accordingly the Board looks forward to reporting further progress in the growth of the Group.

David Hickey

Executive Chairman

19th September 2008

LIGHTHOUSE GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Revenue	**25,511**	26,566	52,941
Cost of sales	**(17,931)**	(18,278)	(36,318)
Gross profit	**7,580**	8,288	16,623
Administrative expenses			
Other operating expenses	**(7,067)**	(7,458)	(14,167)
Earnings before interest, tax, depreciation, amortisation and exceptional items	***513***	*830*	*2,456*
Depreciation and amortisation	**(275)**	(169)	(368)
Exceptional operating expenses	**-**	-	(546)
Total administrative expenses	**(7,342)**	(7,627)	(15,081)
Operating profit	**238**	661	1,542
Finance revenues	**284**	158	411
Finance costs	**(80)**	(33)	(56)
Profit before taxation	**442**	786	1,897
Tax expense	**(70)**	-	-
Profit for the period	**372**	786	1,897
Profit for the year attributable to:			
Equity holders of the parent	**355**	786	1,897
Minority interest	**17**	-	-
	372	786	1,897
Earnings per share (basic)	**0.37p**	1.10p	2.58p
Earnings per share (diluted)	**0.34p**	0.98p	2.31p

LIGHTHOUSE GROUP PLC
CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2008

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Assets			
Non current assets			
Intangible assets	**17,949**	8,313	8,260
Property, plant and equipment	**393**	435	364
Investments	**27**	-	-
	18,369	8,748	8,624
Current assets			
Trade and other receivables	**7,818**	11,389	8,272
Cash and cash equivalents	**12,353**	7,672	8,954
	20,171	19,061	17,226
Total assets	**38,540**	27,809	25,850
Current liabilities			
Trade and other payables	**(8,006)**	(11,364)	(8,290)
Finance leases	**-**	(3)	-
Provisions	**(2,258)**	(2,408)	(2,271)
	(10,264)	(13,775)	(10,561)
Non current liabilities			
Other payables	**(4,500)**	-	-
Provisions	**(1,214)**	(1,077)	(1,183)
	(5,714)	(1,077)	(1,183)
Total liabilities	**(15,978)**	(14,852)	(11,744)
Net assets	**22,562**	12,957	14,106
Capital and reserves			
Called up share capital	**1,277**	836	836
Share premium account	**14,051**	17,594	5,696
Merger reserve	**2,003**	2,003	2,003
Other reserves	**4,070**	1,956	3,991
Profit and loss account	**1,098**	(9,432)	1,580
Total equity attributable to equity holders of the company	**22,499**	12,957	14,106
Minority interests	**63**	-	-
	22,562	12,957	14,106

The interim financial information was approved by the Board of Directors on 19 September 2008 and was signed on its behalf by

Malcolm Streatfield
Joint Chief Executive

Peter Smith
Finance Director

LIGHTHOUSE GROUP PLC
CONSOLIDATED CASHFLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Unaudited 6 months ended 30 June 2008	Unaudited 6 months ended 30 June 2007	Audited year ended 31 December 2007
Operating activities	**£'000**	£'000	£'000
Group profit before tax for the period	**442**	786	1,897
Adjustments to reconcile group profit for the period to net cash (outflows)/inflows from operating activities			
Finance revenues	**(284)**	(158)	(411)
Finance costs	**80**	33	56
Loss on disposal of property, plant and equipment	**-**	2	2
Depreciation of property, plant and equipment	**95**	116	218
Amortisation of intangible assets	**180**	54	150
Share based payments	**79**	22	58
Adjustment for net settlement of revenue against cost of asset purchase	**-**	(122)	(141)
Decrease/(increase) in trade and other receivables	**1,652**	(1,788)	1,348
(Decrease)/increase in trade and other payables	**(2,732)**	756	(2,320)
Movement in provisions	**(833)**	205	172
Cash (utilised by)/generated from operations	**(1,321)**	(94)	1,029
Finance costs paid	**(34)**	(33)	(56)
Income taxes paid	**(209)**	-	-
Net cash flow from operating activities	**(1,564)**	(127)	973
Investing activities			
Payments to acquire intangible fixed assets	**(6)**	(20)	(64)
Purchase of property, plant and equipment	**(45)**	(68)	(99)
Expenses associated with acquisitions	**-**	(115)	(115)
Finance revenues received	**284**	158	411
Net inflow associated with acquisition of subsidiary undertakings	**1,573**	-	-
Net cash flow from investing activities	**1,806**	(45)	133
Financing activities			
Proceeds from share issue	**1**	1,045	1,048
Repayment of capital element of finance leases	**-**	(1)	-
Expenses associated with the issue of share capital	**(437)**	-	-
Proceeds from new trade facility	**4,500**	-	-
Dividends paid to equity shareholders	**(837)**	-	-
Dividends paid to minority interests	**(70)**	-	-
Net cash flow from financing activities	**3,157**	1,044	1,048
Increase in cash and cash equivalents	**3,399**	872	2,154
Cash and cash equivalents at the beginning of the period	**8,954**	6,800	6,800
Cash and cash equivalents at period end	**12,353**	7,672	8,954

LIGHTHOUSE GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Other reserves £'000	Profit and loss reserve £'000	Total £'000
At 1 January 2007	752	15,714	2,003	1,934	(10,218)	10,185
Total recognised income and expense for the period	-	-	-	-	786	786
Share based payment	-	-	-	22	-	22
Issue of ordinary share capital	84	1,880	-	-	-	1,964
At 30 June 2007	836	17,594	2,003	1,956	(9,432)	12,957
At 1 January 2008	836	5,696	2,003	3,991	1,580	14,106
Total recognised income and expense for the period	-	-	-	-	372	372
Share based payment	-	-	-	79	-	79
Issue of ordinary share capital	441	8,355	-	-	-	8,796
Dividends paid	-	-	-	-	(837)	(837)
Minority interests	-	-	-	-	(17)	(17)
At 30 June 2008	**1,277**	**14,051**	**2,003**	**4,070**	**1,098**	**22,499**

1. The interim financial information, which comprises the consolidated income statement, consolidated balance sheet, consolidated cashflow statement and consolidated statement of changes in equity and the related explanatory notes has been prepared on the basis of the accounting policies set out in the Group accounts for the year ended 31 December 2007. It is unaudited but has been reviewed by the auditor.
This information does not constitute statutory accounts for the purpose of section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2007, prepared under International Financial Reporting Standards has been delivered to the Registrar of Companies and contained an unqualified auditors' report.

2. The calculation of the basic and diluted earnings per share attributable to equity shareholders of the parent company is based on the following data:

	6 months ended 30 June 2008	6 months ended 30 June 2007	Audited year ended 31 December 2007
Earnings for the purposes of basic and dilutive earnings per share (£'000)	**355**	786	1,897
Weighted average number of ordinary shares for the purpose of basic earnings per share	**97,001,884**	71,295,759	73,396,354
Effect of the dilutive potential on ordinary shares: Share options	**8,602,354**	8,897,878	8,894,626
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**105,604,238**	80,193,637	82,290,980

As at 30 June 2008, there were 6,223,981 options that existed which could potentially dilute basic earnings per share in the future, but were not included in the calculation of dilutive shares because the effect would have been anti-dilutive.

3. The acquisition of Sumus PLC and its subsidiaries in May 2008 resulted in the following changes to issued share capital and the share premium account.

	Share capital £'000	Share premium £'000
At 1 January 2008	836	5,696
43,960,446 consideration shares	441	8,792
Expense of issue of share capital	-	(437)
At 30 June 2008	1,277	14,051

4. A final dividend for 2007 of 0.5 pence per share (£418,594) was paid in May 2008, and a special interim dividend of 0.5 pence per share (£418,594) was paid on 9 May 2008.

5. A copy of the Interim Statement is being sent to all shareholders and copies are available for collection indefinitely from the Group's Head Office at the address below:

Lighthouse Group plc
26 Throgmorton Street
London
EC2N 2AN
Telephone: 020 7065 5640
Fax: 020 7065 5650

www.lighthousegroup.plc.uk

INDEPENDENT REVIEW REPORT TO LIGHTHOUSE GROUP PLC

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 which comprises the consolidated income statement, consolidated balance sheet, consolidated cashflow statement and consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent 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 the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 conclusions we have reached.

Directors' responsibilities
The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly 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 UK. 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 condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

KPMG Audit Plc
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG
19 September 2008