Press Release **21 September 2009**

Lighthouse Group plc

("Lighthouse" or "the Group")

Interim Results

Lighthouse Group plc (AIM: LGT) today announces interim results for the six months ended 30 June 2009.

Highlights

- Strong cash position
- EBITDA increased to £526,000 (H1 2008: £513,000)
- Revenue up 15 per cent to £29.3 million (H1 2008: £25.5 million)
- Recurring income continuing to rise
- Successful integration of Godfrey Pearson
- Interim dividend of 0.2p per share to be paid in October

Commenting on the results, David Hickey, Executive Chairman of Lighthouse Group plc, said: "The Group has performed well throughout a tough period, seeing increases in revenues, profits and EBITDA at the headline level. Having anticipated weaker IFA revenues for the period, the Board took a number of early cost reduction steps which have enabled the Group to continue to trade profitably.

"Lighthouse's scale and its financial strength together augur well for both organic and acquisitive growth, the latter only where appropriate however. We are well placed to benefit from the changes potentially to be brought about by the Retail Distribution Review, and our positioning within the industry will continue to underpin our growth."

- Ends -

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Chairman's statement

For the six months ended 30 June 2009

I am pleased to report another period of significant progress for Lighthouse.

While the six months to 30 June 2009 confirmed the Board's previous expectations of weaker IFA revenues, action previously taken to reduce costs ensured that the Group traded profitably for the period, and also ensured that the Group's significant cash balances were preserved. This may be regarded as a satisfactory outcome against the severe financial and economic environment in which we operated.

At the headline level, the first six months of 2009 saw continued improvements in revenues, gross profits and EBITDA. In addition, recurring income continued to rise and cash balances remained high, with no bank debt. The acquisition of the Godfrey Pearson adviser base was completed and the business has been subsequently integrated satisfactorily.

I am also pleased to report that the High Court has recently granted orders to allow the reduction of the share premium and merger reserve accounts to offset the Company's accumulated losses as at 31 December 2008. This will allow the Group to recommence the payment of dividends.

Trading Highlights

	Unaudited 6 months to 30 June 2009	Unaudited 6 months to 30 June 2008
Revenue	**£29.3 million**	£25.5 million
Gross Profit	**£8.6 million**	£7.6 million
Operating Costs	**£8.1 million**	£7.1 million
EBITDA *	**£526,000**	£513,000
Profit before taxation	**£56,000**	£442,000
Earnings per share (basic)	**0.05p**	0.37p

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

Results

Revenues, gross profits and EBITDA all rose in comparison with the corresponding previous period, by 15 per cent, 14 per cent and 3 per cent respectively. However this was primarily due to the merger with Sumus which was completed on 6 May 2008 and to the Godfrey Pearson acquisition on 12 January 2009. On a like for like basis the figures declined by 21 per cent, 13 per cent and 45 per cent respectively. These latter decreases arose as a result of the significant reduction in retail investment business following the disruption to markets which started to have an effect late in the second quarter last year. Whilst the proportion of income derived from investment and retirement product sales remained broadly consistent with the corresponding period, that of mortgage products decreased by almost two thirds (down to approximately 4 per cent of Group revenues) following the substantial downturn in the UK housing market.

The increase in operating costs of £1 million also derived from the merger and the acquisition of the Godfrey Pearson business; the like for like figure however was £0.9 million lower in 2009.

Depreciation and amortisation rose from £275,000 to £456,000 reflecting a full six months' charge in respect of the intangible assets arising from the Sumus merger as compared with only two months in the corresponding period.

Profit before taxation for the period was £56,000 (H1 2008: £442,000) - a reduction of £386,000 as a result of the higher amortisation charge referred to above and the impact of near zero interest rates on the net finance income available from the Group's £12 million gross cash balances.

Balance Sheet

Cash balances remained at approximately £12 million and the Group has no bank debt. The Group continues to hold a 5 year trading facility of £4.5 million which has no financial performance covenants and which is repayable in instalments between 2010 and 2012 from recurring revenues owned by the Group.

Your Board continues to believe that financial strength is an essential prerequisite to IFA operations, in the interest of shareholders, advisers and customers, and remains determined to preserve the current robust and liquid balance sheet.

Recurring Income

The Board remains keen to improve further the visibility of income, and hence places considerable emphasis on recurring revenue. Typically this comprises regular income derived from client investments and other products placed on their behalf. During the first half of 2009, recurring revenues rose to £7.2 million from £4.9 million and these now represent approximately 25 per cent of all Group revenues. The Board intends to continue to increase this proportion.

LighthouseGP

The Godfrey Pearson business was brought into the Group under the LighthouseGP banner on 12 January 2009. It has approximately 50 advisers and is focused on providing advice typically to professionals such as veterinary surgeons, teachers, doctors and dentists. The business is trading in line with expectations and has been satisfactorily integrated.

This transaction now brings the number of IFAs within the Group who work on the basis of exclusive affinity relationships with various professions, trade unions, and other associations, to nearly 300. Given the attractions of new business leads, the growing base of professional clients, and the recurring revenues typically associated with affinity arrangements, the Group is keen to continue to grow its proportion of such activities.

Retail Distribution Review / Implementation Programme (‘RDIP’)

In June the FSA published "Distribution of retail investments: Delivering the RDR", their latest indication of how they see the expected evolution of the retail financial products industry. The principal matters include further clarification of advisory services offered to customers, remuneration paid to advisers, and increased professional standards of advisers. The implementation deadline is currently set for the end of 2012.

The RDIP envisages that advisers will confirm their status and agree their remuneration at an early stage with customers, and not at any stage with a product provider. This will necessitate changes in behaviour, systems and remuneration shape and quantum, for all the parties involved. In parallel, all advisers, independent or otherwise, will be required to pass professional examinations or obtain equivalent qualifications, at a level higher than the majority of advisers currently hold.

Your Board believes that in this new environment, the larger IFA groups will be best positioned to ensure that their advisers can adapt to the planned changes on a timely basis, and that if these changes should be finally implemented, the Group would be well positioned to benefit. The Board is currently reviewing how best to adapt to the potential changes, and I will keep shareholders informed of any significant developments.

Dividends

The previously announced applications to the Courts to eliminate the adverse balance on distributable reserves, and the consequent restructuring of the PLC balance sheet have now both been completed. This has removed a significant impediment to the resumption of dividend payments.

Accordingly, and in line with indications previously given, I am pleased to confirm that the Board has decided to pay an interim dividend of 0.2p per share, being 0.1p in respect of the period in 2008 when, due to technical reasons, the Group was unable to pay a final dividend, and 0.1p as an interim in respect of the period to 31 December 2009. It is expected to be paid on 29 October to shareholders on the register at 2 October. Thereafter, but always subject to satisfactory trading, the Board plans to adopt a progressive dividend policy.

Strategy and Prospects

With some two thirds of retail financial products passing through the IFA channel, the sector continues to have both scale and critical importance. Within the sector however there is a dearth of properly capitalised host organisations capable of withstanding cyclical downturns, regulatory capital obligations, and proper service levels for customers. The current climate is therefore shaking out the weaker competitors and illustrates again the fact that the present cottage industry structure is not appropriate and will have to change.

Accordingly your Board believes that Lighthouse's scale and financial strength differentiates the Group from most stand-alone organisations in the sector, and this should allow it to continue to grow steadily in the future. While there are some suitable opportunities around out of a large number of potential transactions, acquisitions of quality businesses are currently proving difficult to conclude on reasonable terms. Fortunately however organic growth through recruitment is progressing well with adviser numbers having reached 887 as compared to 784 at 31 December 2008.

In the meantime at the trading level, there is some evidence to suggest that the impact of sustained low interest rates and recovering share prices are having a beneficial effect and that IFA revenues have bottomed out and may now be improving. Accordingly, no further weakness is expected even if sustained significant growth is not yet apparent. Since June, the Group has continued to trade at least in line with expectations and accordingly the Board looks forward to reporting further progress for the full year.

Finally, I would like to express my thanks to our independent financial advisers for their professionalism and loyalty to the Group, and to all my fellow employees and directors, for their contributions during the year.

David Hickey

Executive Chairman
18 September 2009

Lighthouse Group plc
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009

	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Revenue	**29,281**	25,511	54,393
Cost of sales	**(20,630)**	(17,931)	(38,958)
Gross profit	**8,651**	7,580	15,435
Administrative expenses Other operating expenses	**(8,125)**	(7,067)	(14,882)
Earnings before interest, tax, depreciation, amortisation and exceptional items	***526***	*513*	*553*
Depreciation and amortisation	**(456)**	(275)	(857)
Exceptional operating expenses	**-**	-	(981)
Impairment charge on goodwill and intangibles	**-**		(7,572)
Total administrative expenses	**(8,581)**	(7,342)	(24,292)
Operating profit/(loss)	**70**	238	(8,857)
Finance revenues	**45**	284	575
Finance costs	**(59)**	(80)	(212)
Profit/(loss) before taxation	**56**	442	(8,494)
Tax credit/(expense)	**35**	(70)	721
Profit/(loss) for the period	**91**	372	(7,773)
Profit/(loss) for the year attributable to:			
Equity holders of the parent	**60**	355	(7,844)
Minority interest	**31**	17	71
	91	372	(7,773)
Earnings per share (basic)	**0.05p**	0.37p	(6.98)p
Earnings per share (diluted)	**0.04p**	0.34p	(6.98)p

There was no other comprehensive income for the period (2008: none).

Lighthouse Group plc
Consolidated Balance Sheet
At 30 June 2009

	Unaudited 6 months ended 30 June 2009	Unaudited 6 months ended 30 June 2008 Restated	Audited Year ended 31 December 2008
	£'000	£'000	£'000
Assets			
Non current assets			
Intangible assets	**12,105**	17,949	12,013
Property, plant and equipment	**262**	393	339
Investments	**99**	27	99
	12,466	18,369	12,451
Current assets			
Trade and other receivables	**4,874**	7,656	5,075
Cash and cash equivalents	**12,238**	12,353	12,289
	17,112	20,009	17,364
Total assets	**29,578**	38,378	29,815
Current liabilities			
Trade and other payables	**(8,586)**	(9,313)	(8,173)
Provisions	**(2,054)**	(2,258)	(1,866)
	(10,640)	(11,571)	(10,039)
Non current liabilities			
Trade and other payables	**(3,600)**	(4,500)	(4,500)
Provisions	**(883)**	(1,214)	(872)
Deferred tax liabilities	**(1,574)**	-	(1,642)
	(6,057)	(5,714)	(7,014)
Total liabilities	**(16,697)**	(17,285)	(17,053)
Net assets	**12,881**	21,093	12,762
Capital and reserves			
Called up share capital	**1,277**	1,277	1,277
Share premium account	**-**	5,696	5,696
Merger reserve	**2,785**	10,358	2,785
Special non-distributable reserve	**1,999**	1,999	1,999
Other reserves - share based payments	**2,257**	2,071	2,169
Retained earnings	**4,485**	(371)	(1,271)
Total equity attributable to equity holders of the company	**12,803**	21,030	12,655
Minority interests	**78**	63	107
Total equity	**12,881**	21,093	12,762

The interim financial information was approved by the Board of Directors on 18 September 2009 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 2009

	Unaudited 6 months ended 30 June 2009	Unaudited 6 months ended 30 June 2008	Audited Year ended 31 December 2008
Operating activities	**£'000**	£'000	£'000
Group profit/(loss) before tax for the period	**56**	442	(8,494)
Adjustments to reconcile group profit for the period to net cash (outflows)/inflows from operating activities			
Finance revenues	**(45)**	(284)	(575)
Finance costs	**59**	80	212
Loss on disposal of property, plant and equipment	**4**	-	-
Depreciation of property, plant and equipment	**83**	95	201
Amortisation of intangible assets	**370**	180	656
Impairment of intangible assets	**-**	-	7,572
Share based payments	**88**	79	177
Decrease in trade and other receivables	**201**	1,652	4,233
Decrease in trade and other payables	**(892)**	(2,732)	(3,999)
Movement in provisions	**199**	(833)	(1,567)
Cash generated from/(utilised by) operations	**123**	(1,321)	(1,584)
Finance costs paid	**(59)**	(34)	(196)
Income taxes paid	**-**	(209)	(316)
Net cash flow from operating activities	**64**	(1,564)	(2,096)
Investing activities			
Payments to acquire intangible fixed assets	**(89)**	(6)	(61)
Purchase of property, plant and equipment	**(12)**	(45)	(98)
Receipts from sales of property, plant and equipment	**1**	-	-
Finance revenues received	**45**	284	575
Net inflow associated with acquisition of subsidiary undertakings	**-**	1,573	2,123
Net cash flow (utilised by)/generated from investing activities	**(55)**	1,806	2,539
Financing activities			
Proceeds from share issue	**-**	1	1
Expenses associated with the issue of share capital	**-**	(437)	(437)
Proceeds from new trade facility	**-**	4,500	4,500
Dividends paid to equity shareholders	**-**	(837)	(1,092)
Dividends paid to minority interests	**(60)**	(70)	(80)
Net cash flow from financing activities	**(60)**	3,157	2,892
(Decrease)/increase in cash and cash equivalents	**(51)**	3,399	3,335
Cash and cash equivalents at the beginning of the period	**12,289**	8,954	8,954
Cash and cash equivalents at period end	**12,238**	12,353	12,289

Lighthouse Group plc
Consolidated Statement of Changes in Equity
For the six months ended 30 June 2009

	Share capital	Share premium account	Merger reserve	Special non-distributable reserve	Reserves arising from share based payments	Retained earnings	Total attributable to equity shareholders	Minority interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2008	836	5,696	2,003	1,999	1,992	111	12,637	-	12,637
Total recognised income and expense for the period	-	-	-	-	-	355	355	17	372
Share based payment	-	-	-	-	79	-	79	-	79
Issue of ordinary share capital	441	-	8,355	-	-	-	8,796	-	8,796
Dividends paid	-	-	-	-	-	(837)	(837)	(70)	(907)
Acquired with Sumus Limited	-	-	-	-	-	-	-	116	116
At 30 June 2008	1,277	5,696	10,358	1,999	2,071	(371)	21,030	63	21,093
At 1 January 2009	1,277	5,696	2,785	1,999	2,169	(1,271)	12,655	107	12,762
Total recognised income and expense for the period	-	-	-	-	-	60	60	31	91
Share based payment	-	-	-	-	88	-	88	-	88
Cancellation of share premium account	-	(5,696)	-	-	-	5,696	-	-	-
Dividends paid	-	-	-	-	-	-	-	(60)	(60)
At 30 June 2009	**1,277**	**-**	**2,785**	**1,999**	**2,257**	**4,485**	**12,803**	**78**	**12,881**

Lighthouse Group plc
Notes to the Financial Information
For the six months ended 30 June 2009

1. The interim financial information, which comprises the consolidated statement of comprehensive income, 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 2008, as adjusted by the adoption of the amendments to International Accounting Standard 1 (Presentation of Financial Statements) which had the effect only of minor presentational issues. 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 2008, 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 2009	6 months ended 30 June 2008	Audited year ended 31 December 2008
Earnings for the purposes of basic and dilutive earnings per share (£'000)	**60**	355	(7,844)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**127,700,298**	97,001,884	112,434,966
Effect of the dilutive potential on ordinary shares: Share options	**8,772,649**	8,957,000	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**136,472,947**	105,958,884	112,434,966

As at 30 June 2009, there were 9,851,695 (June 2008: 6,223,981; December 2008: 9,067,246) 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 options are unlikely to be exercised in the foreseeable future.

3. Subsequent event

On 8 July 2009 the Company received approval by way of a Court Order for the transfer of the accumulated merger reserve to retained earnings. This increased the distributable reserves of the Company by £2.785m.

4 Restatement of financial position as at 30 June 2008

The unaudited balance sheet numbers for the year ended 30 June 2008 as previously reported have been restated to incorporate the adjustments to trade and other receivables, trade and other payables and retained earnings previously reported as at 31 December 2006 and 31 December 2007, full details of which were set out in note 23 to the 2008 audited financial statements.

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 (address: Lighthouse Group plc, 26 Throgmorton Street, London, EC2N 2AN) or at the Group's website (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 interim report for the six months ended 30 June 2009 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the interim 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 interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 interim 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 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 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 interim report for the six months ended 30 June 2009 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.

Salim Tharani

for and on behalf of KPMG Audit Plc

Chartered Accountants

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