

LITCOMP PLC
(AIM:LIN)

("LitComp" or "the Company" or "the Group")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO
30 SEPTEMBER 2008

The Board of LitComp Plc, the national provider of After the Event ("ATE") Insurance, medico-legal reports and litigation services, is pleased to announce its unaudited interim results for the six months ended 30 September 2008. These results have been reviewed by the Company's auditors.

Highlights

- Net profit before tax increased from £0.364M to £0.877M.
- Basic earnings per share increased from 4.6p to 9.2p.
- Fully diluted earnings per share increased from 2.2p to 3.8p.
- Group net cash balances increased from £2.665M to £3.338M.
- Elite net profit before tax increased from £0.775M to £1.484M.
- Elite's gross premium income increased from £4.654M to £15.755M

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LITCOMP PLC
RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008
CHAIRMAN'S STATEMENT

I am pleased to announce the unaudited Interim Results for the six months ended 30 September 2008. The period under review has been successful for LitComp, following the announcement of substantially increased profitability for the Group in the year to 31 March 2008.

Elite Insurance Company Limited ("Elite") has made further progress in the period under review: gross premium income has increased from £4.654M for the six months ended 30 September 2007 to £15.755M in the six months ended 30 September 2008.

Financial Summary

- The Group made a net profit before tax of £0.877M (2007 £0.346M).
- Basic earnings per share increased from 4.6p to 9.2p.
- Fully diluted earnings per share increased from 2.2p to 3.8p.
- Group cash balances were £3.498M (2007 £2.677M) and overdrafts £0.160M (2007 £0.012M).
- Elite made a net profit before tax of £1.484M (2007 £0.775M).

Review and Current Prospects

Elite Insurance Company Limited

Elite has again experienced very significant growth in gross premium income and profit since 2007. Our margin in the period is lower than that for the previous period which is attributable to a single transaction in June 2008 which had a disproportionate effect on turnover, but which we took on at very low margin, with associated very low claims risk. The Directors are confident of continued growth in the second half of the current financial year compared with 2007.

The Directors have negotiated new re-insurance treaties during the period under review, which took effect from 1 April 2008. These have increased the percentage of gross premium income retained by Elite and thus its margin; it does however increase the proportion of claims liability attributable to Elite.

We continue to look at opportunities for additional re-insurance to provide treaty or facultative re-insurance on larger risks, and also to cover new lines of business which are presently excluded. In addition, we are pursuing new lines of business and policy types to supplement Elite's existing portfolio. Elite will use re-insurance and co-insurance in order to increase its underwriting capacity where necessary.

Recent adverse developments in the capital and credit markets have reduced the availability of litigation funding, particularly for smaller cases, which has adversely affected the availability of up front premiums. The effect of this on Elite is that whilst Elite's pipeline of major commercial business remains strong, in a number of cases litigation is stayed because of lack of funding for the claimant, which is constraining Elite's growth. A number of litigation funders have, however, entered the market during 2008 which will benefit Elite by relaxing these constraints on Elite's business during 2009.

Elite continues to reserve conservatively for claims not yet incurred or notified. The youth of the business and the "longtail" nature of the larger commercial cases mean that some of these types of cases will remain on the books for two or more years. Elite's profitability, like any insurer, is vulnerable to a higher than expected run of claims.

LitComp UK

Medico-Legal Reporting

LitComp UK achieved turnover of £0.868M, a 7.6% increase over the previous year. Although this improvement is somewhat disappointing in the context of the Directors' expectations: however, LitComp UK only represents 5.7% of Group turnover. The Directors anticipate continuing improvement in turnover as initiatives to stimulate business take effect.

LitComp Plc 10% Secured Convertible Loan Notes

At a Special General Meeting of Loan Note Holders held on 10th December 2008 a resolution was passed to vary the terms of the Loan Notes as so as, inter alia, to extend the redemption of the 10% Secured Convertible Loan Notes until 31st October 2009; as at the date of this announcement there were £2,615,700 of Loan Notes in issue. We are very grateful to the holders of the Convertible Loan Notes for their support. We will look to refinance the Convertible Loan Notes in 2009.

Current Trading and Prospects

The Group continues to perform in line with the Directors' expectations and we are confident as to future prospects.

Douglas Smith
Non-Executive Chairman

LITCOMP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	6 months ended 30 Sept 2008	6 months ended 30 Sept 2007	12 months ended 31 Mar 2008
	£'000	£'000	£'000
Revenue			
Gross premiums written	15,755	4,654	11,323
Premiums ceded to reinsurers	(1,679)	(854)	(2,611)
	<hr/>	<hr/>	<hr/>
Premiums written net of reinsurance	14,076	3,800	8,712
Fee and commission income	868	807	1,720
Reinsurance commissions and profit participation	309	285	854
Other income	-	-	5
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	15,253	4,892	11,291
	<hr/>	<hr/>	<hr/>
Expenses			
Claims and benefits paid net of recoveries from reinsurers	(1,208)	(704)	(984)
Fee and commission expense	(11,105)	(2,277)	(5,630)
Corporate expenses – administrative expenses	(1,861)	(1,331)	(2,932)
Other expenses – restructure of company debt	(57)	(56)	(115)
Other expenses – AIM related costs	(35)	(32)	(78)
Other expenses – share based payment charge	-	-	(177)
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	(14,266)	(4,400)	(9,916)
	<hr/>	<hr/>	<hr/>
Operating profit	987	492	1,375
Investment income	86	72	156
Finance costs	(196)	(218)	(421)
	<hr/>	<hr/>	<hr/>
PROFIT BEFORE TAXATION	877	346	1,110
Taxation	(309)	(111)	(327)
	<hr/>	<hr/>	<hr/>
PROFIT FOR THE PERIOD AFTER TAXATION	568	235	783
	<hr/>	<hr/>	<hr/>
Earnings per ordinary share (pence)			
Basic	9.24	4.60	12.80
Diluted	3.80	2.21	5.83
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LITCOMP PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2008

	As at 30 Sept 2008 £'000	As at 30 Sept 2007 £'000	As at 31 Mar 2008 £'000
Non-current assets			
Goodwill	482	482	482
Other intangible assets	1	2	2
Property, plant and equipment	48	38	46
Deferred tax asset	122	62	125
	<hr/>	<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS	653	584	655
	<hr/>	<hr/>	<hr/>
Current assets			
Inventories	-	15	-
Trade and other receivables	14,890	8,121	10,324
Cash and cash equivalents	3,498	2,677	3,384
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	18,388	10,813	13,708
	<hr/>	<hr/>	<hr/>
Current liabilities			
Trade and other payables	(9,825)	(5,046)	(6,641)
Current tax liabilities	(2,210)	(900)	(1,459)
Bank overdraft	(160)	(12)	(41)
Obligations under finance leases	(2)	(3)	(2)
Financial liabilities – borrowings	-	-	(3,036)
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	(12,197)	(5,961)	(11,179)
	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS	6,191	4,852	2,529
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	6,844	5,436	3,184
	<hr/>	<hr/>	<hr/>
Non-current liabilities			
Financial liabilities – borrowings	(3,086)	(3,280)	-
Obligations under finance leases	(7)	(9)	(8)
	<hr/>	<hr/>	<hr/>
NET ASSETS	3,751	2,147	3,176
	<hr/>	<hr/>	<hr/>
Equity			
Share capital	614	511	612
Share premium	1,046	838	1,041
Other reserves	417	240	417
Retained earnings	1,674	558	1,106
	<hr/>	<hr/>	<hr/>
TOTAL EQUITY	3,751	2,147	3,176
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LITCOMP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	6 months ended 30 Sept 2008	6 months ended 30 Sept 2007	12 months ended 31 Mar 2008
	£'000	£'000	£'000
Opening balance	3,176	1,912	1,912
Profit for the financial period	568	235	783
Share based payment charge	-	-	177
Shares issued in the period	7	-	304
Closing balance	3,751	2,147	3,176

LITCOMP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Notes	6 months ended 30 Sept 2008 £'000	6 months ended 30 Sept 2007 £'000	12 months ended 31 Mar 2008 £'000
Net cash generated from operating activities	1	121	101	917
Investing activities		<hr/>	<hr/>	<hr/>
Interest received		86	72	156
Purchases of property, plant and equipment		(15)	(7)	(30)
Net cash generated from investing activities		<hr/> 71	<hr/> 65	<hr/> 126
Financing activities		<hr/>	<hr/>	<hr/>
Repayments of finance leases		(1)	(2)	(3)
Interest paid		(196)	(218)	(416)
Net cash (used in) financing activities		<hr/> (197)	<hr/> (220)	<hr/> (419)
Net (decrease)/increase in cash and cash equivalents		<hr/> (5)	<hr/> (54)	<hr/> 624
Cash and cash equivalents at the beginning of the period		3,343	2,719	2,719
Cash and cash equivalents at end of the period		<hr/> 3,338	<hr/> 2,665	<hr/> 3,343

1. Reconciliation of operating profit to net cash from operating activities

	£'000	£'000	£'000
Operating profit for the period	987	492	1,375
Depreciation of property, plant and equipment	12	11	26
Amortisation of intangible assets	1	-	1
Restructure of company debt	57	56	115
Share based payment charge	-	-	177
	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	1,057	559	1,694
Decrease in inventories	-	-	15
(Increase) in receivables	(4,565)	(2,772)	(5,006)
Increase in payables	3,866	2,314	4,214
	<hr/>	<hr/>	<hr/>
Cash generated from operations	358	101	917
Tax paid	(237)	-	-
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	<hr/> 121	<hr/> 101	<hr/> 917

LITCOMP PLC
NOTES TO THE ANNOUNCEMENT

1. Financial information

The financial information set out above for the six month period ended 30 September 2008 and 2007 does not constitute statutory accounts within the meaning of S.240 of the Companies Act 1985. The annual report and accounts of the Group for the year ended 31 March 2008, on which the auditors included an emphasis of matter within their audit opinion, has been delivered to the Registrar of Companies.

2. Basis of preparation

The results for the six months to 30 September 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS).

3. Accounting policies

There has been no change in the Group's accounting policies since the end of the last financial year and these are anticipated to apply to the statutory accounts for the year ending 31 March 2009, which will be prepared in accordance with IFRS.

4. Functional currency

The results are presented in pound sterling as that is the currency of the primary economic environment in which the Group operates.

LITCOMP PLC
NOTES TO THE ANNOUNCEMENT (CONTINUED)

5. Segmental information

Trading statement:

	6 months to 30 Sept 2008			6 months to 30 Sept 2007		
	Ins	Reports	Total	Ins	Reports	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Segmental income	14,472	868	15,340	4,157	807	4,964
Trading profit/(loss)	1,484	(414)	1,070	775	(224)	551
AIM related costs	-	(35)	(35)	-	(32)	(32)
Loan note interest	-	(158)	(158)	-	(173)	(173)
Profit/(loss) before tax	1,484	(607)	877	775	(429)	346
Tax (charge)/credit	(411)	102	(309)	(226)	115	(111)
Profit/(loss) after tax	1,073	(505)	568	549	(314)	235

“Ins” represents the results of the ATE Insurance business whilst “Reports” comprises the provision of Medico-Legal reports and litigation services.

All income is generated within the United Kingdom albeit the insurance policies are underwritten in Gibraltar.

Balance sheet:

	At 30 Sept 2008			At 31 March 2008		
	Ins	Reports	Total	Ins	Reports	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	-	482	482	-	482	482
Other intangible assets	-	1	1	-	2	2
Property, plant & equipment	28	20	48	17	29	46
Deferred tax asset	-	122	122	-	125	125
Trade & other receivables	12,125	2,765	14,890	8,073	2,251	10,324
Cash & cash equivalents	3,031	467	3,498	2,509	875	3,384
Total assets	15,184	3,857	19,041	10,599	3,764	14,363
Trade and other payables	(7,380)	(2,445)	(9,825)	(4,524)	(2,131)	(6,655)
Financial borrowings	-	(3,246)	(3,246)	-	(3,087)	(3,087)
Tax liabilities	(672)	(1,538)	(2,210)	(634)	(801)	(1,435)
Other liabilities	-	(9)	(9)	-	(10)	(10)
Total liabilities	(8,052)	(7,238)	(15,290)	(5,158)	(6,029)	(11,187)
Net assets/(liabilities)	7,132	(3,381)	3,751	5,441	(2,265)	3,176

LITCOMP PLC
NOTES TO THE ANNOUNCEMENT (CONTINUED)

6. Earnings per ordinary share

Basic earnings per ordinary share is calculated on earnings of £567,921 (30 September 2007: £234,908) for the period and on 6,144,345 (30 September 2007: 5,106,683) being the weighted average number of shares in issue during the year.

Fully diluted earnings per ordinary share is calculated on earnings for the period adjusted for convertible loan note interest and on 19,119,952 (30 September 2007: 18,489,952) being the potential weighted average number of shares.

7. Convertible loan notes

At a Special General Meeting of Loan Note Holders held on 10th December 2008 a resolution was passed to vary the terms of the Loan Notes as so as, inter alia, to extend the redemption of the 10% Secured Convertible Loan Notes until 31st October 2009; as at the date of this announcement there were £2,615,700 of Loan Notes in issue. These have been disclosed as long-term liabilities in this announcement.

8. Availability of Interim Results

The Interim Results are available on the Company's website at www.litcomp-plc.com.

9. Date of approval of this announcement

This Announcement was approved by the Directors on 18th December 2008