

18 December 2009

**LITCOMP PLC**  
**(AIM:LIN)**

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

**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO**  
**30 SEPTEMBER 2009**

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 2009. These results have been reviewed by the Company's auditors.

**HIGHLIGHTS**

- Net profit before tax increased from £0.877M to £0.913M
- Basic earnings per share remained constant at 9.2p
- Fully diluted earnings per share decreased from 3.8p to 3.4p
- Elite's gross premium income down from £15.76M to £14.94M

**-END-**

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**LITCOMP PLC  
RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009  
CHAIRMAN'S STATEMENT**

I am pleased to announce the unaudited Interim Results for the six months ended 30 September 2009.

**Financial summary**

- The Group made a net profit before tax of £0.913M (2008 £0.877M)
- Basic earnings per share remained constant at 9.2p
- Fully diluted earnings per share decreased from 3.8p to 3.4p
- Group cash balances were £2.301M (2008 £3.498M) and overdrafts £0.191M (2008 £0.160M); invoice discounting facilities utilised £0.464M (2008 £0.270M)

**Review and Current Prospects**

**Elite Insurance Company Limited**

During the six months ended 30 September 2008 Elite's results benefited from a large single transaction which had a disproportionate effect on gross premium income for that period; despite this "windfall" gross premium income not having recurred in the six months under review Elite's gross premium income during the period has dropped by only 5.18% to £14.94M (2008 £15.76M). Elite's gross premium income has increased by 8.5% from the £13.76M achieved during the six months ending 31 March 2009.

As Elite generates more than 90% of Group turnover, and all Group net profit, the Directors have felt it appropriate during the period under review for Elite to bear the majority of Head Office and Central costs; despite this Elite has generated a net profit before tax of £0.900M during the six months under review (2008 £1.484M). Note that if these costs had been allocated to Elite for the six months ended 30 September 2008 the comparable net profit pre tax for Elite would have been circa £0.870M.

The Directors have negotiated new reinsurance treaties during the period under review which took effect 1<sup>st</sup> April 2009. These treaties have increased Elite's retention on the smaller, lower risk element of its business and reduced its retention on larger cases, which the Directors believe improves the overall risk profile for Elite. Elite's reinsurance is now placed with two leading international reinsurers.

The predominance of deferred premiums in the After The Event ("ATE") market has constricted Elite's cash flow which has been impacted by a concentration of claims paid during the six months under review. Cash will be further impacted by a small number of claims to be paid during the rest of 2009; however all these claims have been prudently reserved in historic accounts. They will therefore not impact profitability other than in relation to reinsurance profit commissions receivable, which are reserved on the basis of anticipated cash performance for the underwriting year concerned.

Elite's bordereaus have historically included an element of cancelled premiums which have previously been written off against each month's gross premium income, however given the slowing down of growth in the ATE business the Directors feel it is now prudent to make a specific reserve against such cancellations and this is reflected in these results.

Elite has continued to win new business during the period under review and has commenced writing lines of non ATE business which it intends to expand within the next six to twelve months. The Directors are particularly targeting renewable non ATE business which has the characteristics of premiums being paid up front.

## **Litcomp UK**

### **Medico-Legal Reporting**

LitComp UK achieved turnover of £0.981M, a 13.7% increase over the previous year. The Directors anticipate continuing improvement in turnover as initiatives to stimulate business take effect. [LitComp UK broke even during the period under review].

### **LitComp Plc 10% Secured Convertible Loan Notes**

The £2.501M of Loan Notes fell due for redemption on 31 October 2009.

Based on the Company's accessible cash resources, the Company was unable to redeem the Loan Notes as they fell due on 31 October 2009. Furthermore any payment of redemption monies out of existing reserves would require Regulatory consent which could be withheld or subject to conditions either of which would greatly impact the Company. Therefore the financing for the redemption of the Loan Notes will not be available from Elite if it wishes to continue trading at the present level.

The directors believe that the Offer received from Torridon Capital Limited ("Torridon"), of which details appear below, represents the most immediately available and viable funding for the redemption of the Loan Notes.

### **Recommended cash offer by Torridon for LitComp Plc**

Full details of the Offer are set out in the document "LitComp Notice of General Meeting.pdf" which can be found on [www.litcomp-plc.com/aim.php](http://www.litcomp-plc.com/aim.php)

The Offer is being made on the following basis:

#### **For each LitComp share – 35p in cash**

Those LitComp Loan Note holders who do not exercise their rights to convert Loan Notes into LitComp shares during the Offer period will receive an equivalent Offer of £1.167 per £1 Loan Note and will continue to receive interest payable by the Company on the Loan Notes up to the date of redemption by the Company or when purchased by the Offeror.

The Offer values the fully diluted share capital of LitComp at approximately £5.48M and compares to the Closing Price of LitComp shares of 29p on the last business day immediately prior to the announcement of a firm intention to make an Offer by Torridon Capital Limited on 5 November 2009.

The Offer is conditional, *inter alia*, upon the receipt of acceptances in respect of LitComp shares which together with LitComp shares acquired or agreed to be acquired before or during the Offer will result in the Offeror holding LitComp shares carrying not less than 90% (or such lower percentage as the Offeror may decide, and the Takeover Panel may approve) of the voting rights then normally exercisable at a General Meeting of LitComp. The Offer was also conditional *inter alia* on the approval of the arrangements between the Executive Directors and the Offeror by the Independent Shareholders at the General Meeting held on 11 December 2009; the Resolution to approve these arrangements was duly passed at that meeting.

For the avoidance of doubt capitalised terms in this paragraph have the same meaning as defined in the Offer Document dated 25 November 2009.

### **Current Trading and Prospects**

The Group continues to perform in line with the Directors' expectations. Elite's ability to maintain growth, particularly through adding new insurance lines to its portfolio, is dependent on its ability to redeem the Loan Notes, and to secure further working capital from the Offeror.

A Governmental Review by Sir Rupert Jackson into the Civil Justice Costs process and possible changes to the conduct of low value road traffic accident cases due to come into force in May 2010 could impact pricing and volumes of Elite's ATE business particularly on lower value personal injury and road traffic accident claims.

**Douglas Smith**  
**Non-Executive Chairman**

**LITCOMP PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

	<b>6 months ended 30-Sep-09</b>	<b>6 months ended 30-Sep-08</b>	<b>12 months ended 31-Mar-09</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	£'000	£'000	£'000
<b>Revenue</b>			
Gross premiums written	14,939	15,755	29,519
Premiums ceded to reinsurers	-3,165	-1,679	-3,753
	-----	-----	-----
Premiums written net of reinsurance	11,774	14,076	25,766
Fee and commission income	981	868	1,802
Reinsurance commissions and profit participation	-301	309	1,711
	-----	-----	-----
<b>TOTAL REVENUE</b>	<b>12,454</b>	<b>15,253</b>	<b>29,279</b>
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<b>Expenses</b>			
Claims and benefits paid net of recoveries from reinsurers	-861	-1,208	-3,490
Fee and commission expense	-8,151	-11,105	-19,405
Corporate expenses – administrative expenses	-2,339	-1,861	-3,968
Other expenses – restructure of group debt	-	-57	-115
Other expenses – AIM related costs	-32	-35	-94
Other expenses – share based payment charge	-	-	-31
	-----	-----	-----
<b>TOTAL OPERATING EXPENSES</b>	<b>-11,383</b>	<b>-14,266</b>	<b>-27,103</b>
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<b>Operating profit</b>	<b>1,071</b>	<b>987</b>	<b>2,176</b>
Investment income	9	86	135
Finance costs	-167	-196	-375
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<b>PROFIT BEFORE TAXATION</b>	<b>913</b>	<b>877</b>	<b>1,936</b>
Taxation	-326	-309	-530
	_____	_____	_____
<b>PROFIT FOR THE PERIOD AFTER TAXATION</b>	<b>587</b>	<b>568</b>	<b>1,406</b>
	=====	=====	=====
<b>Earnings per ordinary share (pence)</b>			
Basic	9.19	9.24	22.62
Diluted	3.43	3.8	9.92
	_____	_____	_____

#### **CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current period or previous period.

#### **TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profit for the current period.

**LITCOMP PLC**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2009**

	As at 30-Sep-09 (Unaudited) £'000	As at 30-Sep-08 (Unaudited) £'000	As at 31-Mar-09 (Audited) £'000
<b>Non-current assets</b>			
Goodwill	482	482	482
Other intangible assets	-	1	-
Property, plant and equipment	63	48	54
Deferred tax asset	126	122	126
	-----	-----	-----
<b>TOTAL NON-CURRENT ASSETS</b>	<b>671</b>	<b>653</b>	<b>662</b>
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<b>Current assets</b>			
Trade and other receivables	25,674	14,890	20,678
Cash and cash equivalents	2,301	3,498	3,295
	-----	-----	-----
<b>TOTAL CURRENT ASSETS</b>	<b>27,975</b>	<b>18,388</b>	<b>23,973</b>
	-----	-----	-----
<b>Current liabilities</b>			
Trade and other payables	-17,451	-9,825	-14,376
Current tax liabilities	-3,207	-2,210	-2,851
Bank overdraft	-191	-160	-194
Obligations under finance leases	-11	-2	-12
Financial liabilities – borrowings	-2,501	-	-2,551
	-----	-----	-----
<b>TOTAL CURRENT LIABILITIES</b>	<b>-23,361</b>	<b>-12,197</b>	<b>-19,984</b>
	-----	-----	-----
<b>NET CURRENT ASSETS</b>	<b>4,614</b>	<b>6,191</b>	<b>3,989</b>
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<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>5,285</b>	<b>6,844</b>	<b>4,651</b>
	-----	-----	-----
<b>Non-current liabilities</b>			
Financial liabilities – borrowings	-	-3,086	-
Obligations under finance leases	-6	-7	-9
	-----	-----	-----
<b>NET ASSETS</b>	<b>5,279</b>	<b>3,751</b>	<b>4,642</b>
	-----	-----	-----
<b>Equity</b>			
Share capital	638	614	622
Share premium	1,093	1,046	1,060
Other reserves (share options)	432	417	432
Retained earnings	3,116	1,674	2,528

TOTAL EQUITY

5,279

3,751

4,642

**LITCOMP PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

	6 months ended 30-Sep-09 (Unaudited) £'000	6 months ended 30-Sep-08 (Unaudited) £'000	12 months ended 31-Mar-09 (Audited) £'000
Opening balance	4,642	3,176	3,176
Profit for the financial period	587	568	1,406
Share based payments	-	-	30
Issue of new ordinary shares	50	7	30
<b>Closing balance</b>	<u>5,279</u>	<u>3,751</u>	<u>4,642</u>

**LITCOMP PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

		6 months ended 30-Sep-09 (Unaudited) £'000	12 months ended 30-Sep-08 (Unaudited) £'000	6 months ended 31-Mar-09 (Audited) £'000
	Notes			
<b>Net cash generated from operating activities</b>	1	-865	121	598
<b>Investing activities</b>				
Interest received		9	86	135
Purchases of property, plant and equipment		-27	-15	-24
<b>Net cash generated from investing activities</b>		-18	71	111
<b>Financing activities</b>				
Repayments of finance leases		-4	-1	-6
Issue of new ordinary shares		-	-	2
Share premium on issue of ordinary shares		-	-	5
Repayment of 10% secured convertible loan notes		-	-	-578
Interest paid		-103	-196	-374
<b>Net cash (used in) financing activities</b>		-107	-197	-951
<b>Net increase/(decrease) in cash and cash equivalents</b>		990	-5	-242
Cash and cash equivalents at the beginning of the period		3,101	3,343	3,343
<b>Cash and cash equivalents at end of the period</b>		2,111	3,338	3,101
<b>Consisting of:</b>				
Cash at bank and in hand		1,232	2,120	1,334
Units in unit trusts		1,070	1,378	1,961

Bank overdrafts	-191	-160	-194
	<u>2,111</u>	<u>3,338</u>	<u>3,101</u>
	=====	=====	=====

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

	<b>6 months ended 30-Sep-09 (Unaudited) £'000</b>	<b>6 months ended 30-Sep-08 (Unaudited) £'000</b>	<b>12 months ended 31-Mar-09 (Audited) £'000</b>
<b>Operating profit for the period</b>	<b>913</b>	<b>877</b>	<b>1,936</b>
Adjustments for:			
Depreciation of property, plant and equipment	19	12	31
Amortisation of intangible assets	-	1	1
Restructure of group debt	-	57	115
Share based payments	-	-	31
Finance costs	167	196	375
Investment revenues	-10	-86	-135
	<u>          </u>	<u>          </u>	<u>          </u>
Operating cash flows before movements in working capital	1,089	1,057	2,354
(Increase) in receivables	-4,995	-4,565	-10,354
Increase in payables	3,426	3,866	8,836
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash generated from operations</b>	<b>-480</b>	<b>358</b>	<b>836</b>
Tax paid	-385	-237	-238
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net cash generated from operating activities</b>	<b>-865</b>	<b>121</b>	<b>598</b>
	=====	=====	=====

## **LITCOMP PLC**

### **NOTES TO THE ANNOUNCEMENT**

#### **1. Publication of non Statutory Accounts**

The financial information set out in this announcement for the six months ended 30 September 2009 and 2008 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The figures for the year ended 31 March 2009 have been extracted from the group's statutory report and financial statements.

The auditor's report on the statutory report and financial statements for the year ended 31 March 2009 was modified on the basis of an emphasis of matter opinion in relation to the going concern of the group.

The statutory report and financial statements for the year ended 31 March 2009 has been delivered to the Registrar of Companies.

#### **2. Basis of preparation**

The results for the six months ended 30 September 2009 have been prepared in accordance with International Accounting Standard Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together with "IFRS") as endorsed by the European Union in 2005, and prepared in accordance with IAS 34, Interim Financial Reporting.

The statutory report and financial statements for the year ended 31 March 2009 has been prepared in accordance with IFRSs.

#### **3. Accounting policies**

There has been no change in accounting policies since the end of the last financial year end and have all been consistently applied throughout the accounting period six months ended 30 September 2009.

#### **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.

#### **5. Comparatives**

The comparatives include audited figures for the year ended 31 March 2009 and un-audited figures for the six months ended 30 September 2008.

**LITCOMP PLC**  
**NOTES TO THE ANNOUNCEMENT (CONTINUED)**

**6. Segmental information**

“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.

**Trading statement**

	6 months to 30 Sept 2009 (unaudited)			6 months to 30 Sept 2008 (unaudited)		
	Ins	Reports	Total	Ins	Reports	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Segmental income</b>	<b>11,473</b>	<b>981</b>	<b>12,454</b>	<b>14,472</b>	<b>868</b>	<b>15,340</b>
Trading profit/(loss)	900	173	1,073	1,484	-414	1,070
AIM related costs	-	-32	-32	-	-35	-35
Loan note interest	-	-128	-128	-	-158	-158
<b>Profit/(loss) before tax</b>	<b>900</b>	<b>13</b>	<b>913</b>	<b>1,484</b>	<b>-607</b>	<b>877</b>
Tax (charge)/credit	-282	-44	-326	-411	102	-309
<b>Profit/(loss) after tax</b>	<b>618</b>	<b>-31</b>	<b>587</b>	<b>1,073</b>	<b>-505</b>	<b>568</b>

**Balance Sheet**

	At 30 Sept 2009 (Unaudited)			At 31 March 2009 (Audited)		
	Ins	Reports	Total	Ins	Reports	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	-	482	482	-	482	482
Property, plant & equipment	44	19	63	28	26	54
Deferred tax asset	-	126	126	-	126	126
Trade & other receivables	22,985	2,688	25,673	19,486	1,192	20,678
Cash & cash equivalents	1,487	815	2,302	2,590	705	3,295
<b>Total assets</b>	<b>24,516</b>	<b>4,130</b>	<b>28,646</b>	<b>22,104</b>	<b>2,531</b>	<b>24,635</b>
Trade and other payables	-15,118	-2,333	-17,451	-12,645	-1,731	-14,376
Tax liabilities	-2,291	-916	-3,207	-1,640	-1,211	-2,851
Financial borrowings	-	-2,692	-2,692	-	-2,745	-2,745
Other liabilities	-	-17	-17	-	-21	-21
<b>Total liabilities</b>	<b>-17,409</b>	<b>-5,958</b>	<b>-23,367</b>	<b>-14,285</b>	<b>-5,708</b>	<b>-19,993</b>
<b>Net assets/(liabilities)</b>	<b>7,107</b>	<b>-1,828</b>	<b>5,279</b>	<b>7,819</b>	<b>-3,177</b>	<b>4,642</b>

**LITCOMP PLC**  
**NOTES TO THE ANNOUNCEMENT (CONTINUED)**

**7. Earnings per ordinary share**

Basic earnings per ordinary share is calculated on earnings of £586,658 (30 September 2008: £567,921) for the period and on 6,384,327 (30 September 2008: 6,144,345) being the weighted average number of shares in issue during the period.

Fully diluted earnings per ordinary share is calculated on earnings for the period adjusted for convertible loan note interest and on 17,103,267 (30 September 2008: 19,119,952) being the potential weighted average number of shares.

**8. 10% secured convertible loan notes**

On 21 November 2005 the company issued £3.605m convertible loan notes of which £2.501m were outstanding at 30 September 2009. Interest is payable in quarterly installments at a coupon rate of 10% per annum.

The loan notes are convertible into equity shares by the loan note holders and if not converted these loan notes are redeemable at par at the end of their term. For each £1 of loan note converted 3.3 ordinary shares of £0.10 each would be issued.

On 10 December 2008 the loan note term was extended by one year until 31 October 2009 to the extent which they have not been converted. The loan notes are secured over the assets of the group.

**9. Post Balance Sheet Events**

Further to the announcement on 24 September 2009 that the directors were in advanced discussions regarding a possible offer for the company, on 5 November 2009 the independent directors of Litcomp Plc reached an agreement on the terms of a recommended cash offer made by Torridon Capital Limited for the entire issued and to be issued share capital of Litcomp Plc. Accordingly, the directors of Litcomp Plc draw your attention to the Recommended Cash Offer by Torridon Capital Limited document, dated (5 November 2009), on the company's website at [www.litcomp-plc.com](http://www.litcomp-plc.com).

**10. Going Concern**

Subject to the recommended cash offer by Torridon Capital Limited being accepted by the majority we draw your attention to the following:

There are currently £2.501m of 10% secured convertible loan notes outstanding as at 30 September 2009 and which, if not converted to equity, would require repayment. This condition indicates the existence of a material uncertainty which may cast significant doubt on the company and group's ability to continue as a going concern. The financial information presented in this announcement does not include adjustments that would result if the company and group were unable to continue as a going concern as it is not practical to determine or quantify them.

#### **11. Availability of Interim Results**

The Interim Results are available on the Company's website at [www.litcomp-plc.com](http://www.litcomp-plc.com).

#### **12. Date of approval of this announcement**

This Announcement was approved by the Directors on 18 December 2009

## INDEPENDENT REVIEW REPORT TO LITCOMP PLC

### *Introduction*

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement and the consolidated balance sheet as at 30 September 2009 and a summary of significant accounting policies and other explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### *Directors' Responsibilities*

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

As disclosed in note 2, the statutory report and financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union.

### *Our Responsibility*

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules For Companies.

**UHY Hacker Young LLP**