B. P. MARSH & PARTNERS PLC

2006 ANNUAL REPORT

COMPANY INFORMATION

Directors
Brian Marsh OBE *(Chairman)*
Natasha Dunbar *(Managing Director)*
Jonathan Newman *(Group Director of Finance)*
Stephen Crowther *(Investment Director)*
Francis de Zulueta *(Development Director)*
Stephen Clarke *(Non-executive)*
Philip Mortlock *(Non-executive)*

Company Secretary
Robert King

Company Number
5674962

Registered Office
Granville House, 5th Floor
132 Sloane Street, London, SW1X 9AX

Auditors
Rawlinson & Hunter, Eagle House
110 Jermyn Street, London, SW1Y 6RH

Solicitors
Taylor Wessing, Carmelite
50 Victoria Embankment
Blackfriars, London, EC4Y 0DX

Nominated Adviser
Nabarro Wells & Co. Limited
Saddlers House, Gutter Lane
Cheapside, London, EC2V 6HS

Broker
Hichens, Harrison & Co. plc
Bell Court House, 11 Blomfield Street
London, EC2M 1LB

Registrar
Capita Registrars, The Registry
34 Beckenham Road, Beckenham,
Kent, BR3 4TU

Public Relations
Redleaf Communications Limited
9-13 St Andrew Street,
London, EC4A 3AF

CONTENTS

GROUP PROFILE

The B. P. Marsh Group (the "Group") is a niche venture capital provider to early stage financial services businesses. It will consider investing in start-ups, management buy-outs, management buy-ins, hive-offs and similar opportunities. It is also able to provide follow-on funding for successful companies in its portfolio when required for further growth.

The Group typically invests up to £2.5 million in financial service investment opportunities based in the United Kingdom, but will also consider opportunities in Europe, North America and occasionally elsewhere. It likes to invest in people businesses with good management.

The Group does not seek to impose exit pressures on its investee companies, but prefers to work with management to develop a mutually acceptable exit route.

The Group has a considerable bank of experience in the financial services sector and seeks to use this experience to add value to its investments. It is also able to provide consultancy and administrative services to its portfolio of investments when required.

The Group's aim is to be the capital provider of choice to the financial services intermediary sector.

I am pleased to present the report of B. P. Marsh & Partners plc and the consolidated financial statements of B. P. Marsh & Company Limited for the year ended 31st January 2006.

Overview

In the year under review, the Group sold its interest in Carpenter Moore Insurance Services, Inc., headquartered in San Francisco, to NASDAQ Insurance Agency, LLC at a substantial profit.

The remaining nine of the Company's investments all made satisfactory progress in their chosen fields of business during the year.

As a consequence, the Directors' valuation of the Company including its subsidiaries at 31st January 2006 maintained an acceptable annual growth rate of 17% compound since commencement on 1st February 1990.

Although many investment opportunities were presented to us, no new investments were completed during the year.

Post Balance Sheet Event

On 1st February 2006, B. P. Marsh & Partners plc acquired 100% of the issued share capital of B. P. Marsh & Company Limited (formerly B. P. Marsh & Partners Limited) in a share for share exchange. References throughout the Annual Report and Financial Statements to the "Company" refer to B. P. Marsh & Partners plc from 1st February 2006 and prior to that to B. P. Marsh & Company Limited.

Two days after the year-end, B. P. Marsh & Partners plc admitted its shares for trading on the Alternative Investment Market ("AIM") of the London Stock Exchange. A total of 9.3 million shares (including just under 7.9 million new shares) were placed at £1.40 per share, raising gross proceeds of £11 million for the Company (£10 million net of expenses). On admission to AIM, there were a total of 29.3 million shares in issue, resulting in an initial market-capitalisation of just over £41 million.

The funds were raised to enable the Group to continue to grow, by financing existing investments as well as funding new investment opportunities. In addition, I believe that the enhanced profile that being a public company gives us will greatly help in continuing to attract high-calibre professionals as well as incentivising our current team. This is essential as we endeavour to ensure that the future of B.P. Marsh lies in a wider and deeper shareholder base.

People

None of this would have been possible without the care and dedication of the Directors and staff to whom I would wish again to record my gratitude.

Outlook

We remain optimistic about the future for the Group. There are still a large number of financial services minnows with great teams and exciting business plans requiring funding which remain largely ignored by the venture capital markets. This is mainly as a result of the significantly higher levels of energy and expertise required to make informed investment decisions in these businesses – something the B.P. Marsh team relishes.

Brian Marsh OBE
Chairman

GROUP FINANCIAL HIGHLIGHTS

- No new investments were made during the year.

- The Net Asset Value of the Group increased by 16.3% over the year (compared to an increase of 1.5% during the year ended 31st January 2005) before any contingent liabilities. Net of contingent liabilities the Net Asset Value of the Group increased by 16.4% over the year (compared to an increase of 1.1% during the year ended 31st January 2005).

- Consolidated pre-tax profit for the year of £3,514 compared to a loss of £2,393,000 in 2005.

- On 2nd September 2005 the Group sold its 27.37% stake in Carpenter Moore Insurance Services, Inc. to NASDAQ Insurance Agency, LLC for $4,364,000 after a net acquisition cost (after selling some shares to incentivise new management) of $322,500 – a multiple of 13.5 times the net equity cost. The Group had held this investment since July 1991. $1,376,000 of the sale proceeds were held in escrow and are repayable within 2 years subject to any potential warranty or indemnity claims. As at the date of this report $484,000 has already been released.

- Underlying consolidated profit of £1.6m for the year as £1,597,000 of profit was taken to the retained reserves from the revaluation reserve on successful completion of the sale of Carpenter Moore Insurance Services, Inc.

- On 18th November 2005 a £1,500,000 loan was granted to Hyperion Insurance Group Limited which subsequently was converted into £1.43m of equity on 23rd February 2006 in a rights issue which maintained the Group's equity stake at 27.9%.

- On 27th January 2006 a £600,000 loan was granted to Besso Holdings Limited which subsequently was converted into redeemable cumulative preference shares on 23rd February 2006.

- Since the Group's inception in 1990 the Group's Net Asset Value before contingent liabilities has risen by £28,700,000 from its original investment of £2,504,000. This equates to an increase of 17% per annum over 16 years. Including contingent liabilities this amounts to an increase of 15.7%.

- As at 2nd February 2006 the Group had an effective Net Asset Value of £41.3m after the successful admission of its shares to AIM.

The Group has holdings in the following companies:

Berkeley (Insurance) Holdings Limited
(www.berkeleyinsurance.com)
In July 2002 the Group invested in Berkeley (Insurance) Holdings, a company that provides its clients with independent advice on the most suitable choice of insurance broker in specialist as well as mainstream insurance areas.
Date of investment: July 2002
Equity stake: 19.9%
31st January 2006 valuation: £90,000

Besso Holdings Limited
(www.besso.co.uk)
In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings. The company specialises in insurance broking for the North American wholesale market.
Date of investment: February 1995
Equity stake: 24.7%
31st January 2006 valuation: £6,752,000

HQB Partners Limited
(www.hqbpartners.com)
In January 2005 the Group made an investment in HQB Partners, a company which provides strategic transaction advice, proxy solicitation services, voting analysis and investor relations services.
Date of investment: January 2005
Equity stake: 28.0%
31st January 2006 valuation: £116,000

Hyperion Insurance Group Limited
(www.hyperiongrp.com)
The Group first invested in Hyperion Insurance Group in 1994. The Hyperion Insurance Group owns, amongst other things, an insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. A subsidiary of Hyperion became a registered Lloyd's insurance broker. In 1998 Hyperion set up an insurance managing general agency specialising in developing D&O and PI business in Europe.
Date of investment: November 1994
Equity: 27.9%
31st January 2006 valuation: £9,353,000

Paterson Martin Limited
(www.patersonmartin.com)
Paterson Martin was founded by a group of professionals from the actuarial, capital markets and reinsurance advisory sectors in conjunction with the Group. The company uses sophisticated modelling techniques to assess risk, with a view to providing counter-party risk transaction advice.
Date of investment: April 2004
Equity stake: 22.5%
31st January 2006 valuation: £530,000

Portfolio Design Group International Limited
(www.surrendalink.co.uk)
In March 1994 the Group invested in the Portfolio Design Group, a company which sells with-profits life endowment policies to large financial institutions. In 2002 the company diversified into investment management.
Date of investment: March 1994
Equity stake: 20.0%
31st January 2006 valuation: £3,439,000

Principal Investment Holdings Limited
(www.principalinvestment.co.uk)
In December 1999 the Group invested in Principal, a predominantly discretionary fund manager with both retail and institutional clients.
Date of investment: December 1999
Equity stake: 19.7%
31st January 2006 valuation: £6,850,000

Public Risk Management Limited
(www.publicriskmanagement.co.uk)
In September 2003 the Group assisted in establishing Public Risk Management, a company which specialises in the development and provision of risk management services, including processes and procedures, to the public sector.
Date of investment: September 2003
Equity stake: 35.0%
31st January 2006 valuation: £206,000

Summa Insurance Brokerage, S. L.
(www.grupo-summa.com)
In January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain.
Date of investment: January 2005
Equity stake: 35.0%
31st January 2006 valuation: £364,000

The Board is responsible for the Group's corporate governance policy and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the Combined Code on Corporate Governance (the "Code") to the extent that they are appropriate for, and applicable to, a company of B. P. Marsh's size quoted on the Alternative Investment Market ("AIM").

Directors

Details of the appointment and resignation dates of directors are shown in the Directors' Report. All directors are subject to re-election within a three-year period.

The non-executive directors are considered to be 'independent' within the definition contained in the Code.

All the directors have access to the advice and services of the Company Secretary and may, in furtherance of their duties, take independent legal and financial advice at the Company's expense. They also have access to the minutes of the Board, in which any concerns expressed by them regarding matters pertaining to the Group are recorded.

While there is no formal process, the performance and effectiveness of each director, including the non-executive directors, is assessed on an on-going basis by the other members of the Board.

Board Meetings

The Board meets bi-monthly and at such other times as required, and receives regular reports on a wide range of key issues including investment performance, investment opportunities, disposals and corporate strategy. All major decisions affecting the Group are taken at Board level and all the directors are free to bring any matter to the attention of the Board at any time.

Committees Of The Board

The Board has established four standing committees, the Audit Committee, the Remuneration Committee, the Investment Committee and the Valuation Committee. As the Board deals with all matters relating to recruitment and appointment, the Board has decided not to establish a Nominations Committee at the present time.

Audit Committee

The Audit Committee is comprised of the two non-executive directors of the Company and is chaired by Philip Mortlock. The external auditors, together with the Group Finance Director and other financial staff are invited to attend these meetings.

In accordance with its terms of reference the principal function of this committee is to determine the appropriateness of accounting policies to be used in the Group's annual accounts. In addition the Committee is responsible for assessing the Group's audit arrangements and the Group's system of internal controls, and to review the half-yearly and annual results before publication.

Remuneration Committee

The Remuneration Committee is comprised of the two non-executive directors of the Company and Brian Marsh and is chaired by Philip Mortlock. In accordance with its terms of reference the Committee determines the level and make-up of remuneration (including bonuses and awards) of the executive directors and members of staff.

The Board's report to the shareholders on how directors are remunerated, together with details of individual directors' remuneration packages, is to be found on pages 10 to 11.

Investment Committee

The Investment Committee is comprised of all the executive directors of the Company and meets whenever significant investment matters arise which are not dealt with in the normal course of Board business.

Valuation Committee

The Valuation Committee is comprised of Philip Mortlock, Brian Marsh and Jonathan Newman and, in accordance with its terms of reference, is responsible for preparing investment valuations and reviewing the suitability of the Company's investee company valuation policy in conjunction with the Company's auditors and nominated adviser.

Relations With Shareholders

The Board attaches great importance to maintaining good relationships with all of its shareholders. The executive directors meet with representatives of institutional investors and analysts to discuss their views and ensure that the corporate objectives and strategies of the Group are well understood. The Company reports formally to the shareholders twice a year, when its half-yearly and full-year results are announced, when reports are sent to shareholders and published on the Company's website (www.bpmarsh.co.uk).

Members of the Board will be in attendance at the Annual General Meeting and will be available to meet shareholders informally after the meeting. The Company will advise shareholders attending the AGM of the number of proxy votes lodged for and against each resolution.

Internal Control

The Board recognises its responsibilities for ensuring the Group has effective internal controls in place throughout the year, as well as procedures necessary for reviewing the Group's system of internal control and assessing the nature and extent of the risks facing the Group.

Going Concern

The directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

A statement of the directors' responsibilities in respect of the financial statements is set out on page 14.

Robert King
Secretary
On behalf of the Board

DIRECTORS

Brian Marsh OBE
(Chairman, aged 65) (R) (I) (V)
Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market over 40 years ago and was, from 1979 to 1990 chairman, of the Nelson Hurst & Marsh group, before founding the Group. He has over 30 years experience in building, buying and selling financial services businesses particularly in the insurance sector.

Natasha Dunbar BBA
(Managing Director, aged 36) (I)
Natasha has over 10 years' experience in the financial services industry. Having joined the Company in 1994 she was made managing director in March 2002. Natasha is responsible for the day to day running of all operational aspects of the business and works closely with Brian Marsh in defining the strategic development of the Company.

Stephen Crowther
(Investment Director, aged 49) (I)
Stephen joined the Group in 1998. He has over 27 years' experience in the London insurance market both in broking and underwriting. He researches potential investments and, usually through non-executive board appointments, advises investee businesses and monitors their progress.

Francis de Zulueta ASI
(Development Director, aged 47) (I)
Francis joined the Group in February 2002. After a 23-year broking career with Nelson Hurst & Marsh, Willis Faber, Special Risk Services, Aon and Minet he was active in the mergers, acquisitions and venture capital business of Marsh McLennan. With a wide-ranging knowledge of the financial services market, he seeks out, researches and evaluates potential new investments for B. P. Marsh.

Jonathan Newman ACMA, MSI, BA (Hons.)
(Group Director of Finance, aged 30) (I) (V)
Jonathan is a chartered management accountant with 8 years' experience in the financial services industry. He joined the Group in November 1999 and was appointed a director of B.P. Marsh & Company Limited in September 2001 and group finance director in December 2003. Jonathan also advises investee companies through several non-executive board appointments and evaluates new investment opportunities.

Stephen Clarke FCA
(Non-executive, aged 68) (A) (R)
A chartered accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 25 years' experience of the financial services sector. Stephen continues to give specialist advice to B. P. Marsh on the structuring of entry and exit deals.

Philip Mortlock MA, FCA
(Non-executive, aged 68) (R) (A) (V)
A chartered accountant with over 25 years insurance experience, Philip entered the Lloyd's insurance world in 1965 and, after some years with Fenchurch Group, joined Nelson Hurst & Marsh group as finance director and company secretary until 1990. He joined the Group in 1990 and has a great deal of experience of the special nature of broking and underwriting finances. Philip continues to give a broad range of advice to B. P. Marsh.

Committee Key

(R) Member of the Remuneration Committee during the year
(A) Member of the Audit Committee during the year
(I) Member of the Investment Committee during the year
(V) Member of the Valuation Committee during the year

The Remuneration Committee of the Board (the "Committee") is comprised of the two non-executive directors of the Company, Philip Mortlock and Stephen Clarke, and the chairman, Brian Marsh. The Committee is responsible for setting the remuneration of the executive directors and other members of staff.

Remuneration Policy

The Committee reviews remuneration levels annually and attempts to ensure that they are set at a level which is in line with comparable companies in the industry, are capable of attracting, retaining and motivating directors of appropriate calibre, are consistent with the performance of the Company and at the same time are aligned with the best interests of the shareholders.

The Committee receives advice from external remuneration advisers where appropriate.

Directors' Service Agreements

All the executive directors entered into service agreements with the Company on 30th January 2006, the details of which are as follows:

DIRECTOR	DATE OF SERVICE AGREEMENT	TERM	NOTICE PERIOD
B. P. Marsh	30th January 2006	Continuous	6 months
J. K. N. Dunbar	30th January 2006	Continuous	12 months
S. J. Crowther	30th January 2006	Continuous	6 months
F. P. H. de Zulueta	30th January 2006	Continuous	6 months
J. S. Newman	30th January 2006	Continuous	6 months

The non-executive directors do not have service agreements, but their letters of appointment provide that their tenure of office is for an initial period of 12 months and shall continue until either terminated by the non-executive director or the Company on giving to the other 3 months prior written notice.

Stock Appreciation Rights Plan

On 16th January 2006 B. P. Marsh & Partners plc adopted the principle terms of a Stock Appreciation Rights Plan (the "SARP") subject to the successful admission of its shares to the Alternative Investment Market in February 2006. The SARP was established to provide a long term incentive to directors to participate in share price growth, thus aligning their interests with those of shareholders. Awards made under the SARP are at the discretion of the Remuneration Committee and the level of award is determined by reference to the individual's responsibilities and performance and the need to incentivise and tie-in key executives.

Following a meeting of the Company on 19th April 2006, a number of initial awards of Share Units have been made under the SARP, as set out in the table below:

EXECUTIVE	INITIAL AWARD OF SHARE UNITS	% OF TOTAL SHARE UNITS
F. P. H. de Zulueta	1,098,231	25%
J. K. N. Dunbar	878,584	20%
S. J. Crowther	878,584	20%
J. S. Newman	878,584	20%
P. J. Mortlock	658,938	15%
Total	**4,392,921**	**100%**

The relevant Performance Period for the final vesting of Share Units commenced on 2nd February 2006 and will end ten dealing days after the announcement of the Company's results for the financial year ending 31st January 2009.

The actual number of Share Units that will vest at the end of the Performance Period will depend on a number of performance criteria. Whilst the maximum possible number of Share Units cannot exceed 15% of the Company's issued share capital from time to time, the actual number of ordinary shares to be issued on the basis of the Share Units vested cannot exceed 12.5% of the issued share capital at the end of the Performance Period, and will depend on the growth in the Company's share price.

Audited Information

Aggregate directors' remuneration

	2006 (£)	2005 (£)
Emoluments	845,453	633,941
Fees	46,552	86,633
Pension contributions	50,075	47,666

Directors' emoluments

	Salaries and fees (£)	Benefits (£)	Annual bonuses (£)	2006 emoluments excluding pension contributions (£)
B. P. Marsh	102,000	13,366	-	115,366
J. K. N. Dunbar *	63,117	3,408	103,000	169,525
S. J. Crowther	150,000	1,519	103,500	255,019
F. P. H. de Zulueta	131,000	1,564	39,500	172,064
J. S. Newman	79,548	432	53,500	133,480
P. J. Mortlock	30,090	-	-	30,090
S. S. Clarke	16,461	-	-	16,461

* *J. K. N. Dunbar was on maternity leave during the year and returned on 1st September 2005.*

Directors' pensions

The executive directors received the following pension contributions during the year:

	2006 (£)
B. P. Marsh *	-
J. K. N. Dunbar	14,125
S. J. Crowther	15,000
F. P. H. de Zulueta	13,100
J. S. Newman	7,800

* *During the year £50 was paid as a pension provider fee to the BPM Retirement Trust.*

B.P. Marsh & Company Limited

2006

Consolidated Financial Statements

Directors

B.P. Marsh OBE (Chairman)
Ms. J.K.N. Dunbar BBA (Managing)

S.J. Crowther
S.S. Clarke FCA
P.J. Mortlock MA, FCA
J.S. Newman BA, ACMA, MSI
F.P. de Zulueta ASI
P.M. Shirley LLB (resigned 2nd February 2006)

The directors submit their report and the audited accounts of the company for the year ended 31st January 2006.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Principal Activity

The principal activity of the group during the year was the provision of consultancy services as well as making and trading investments, particularly in the field of insurance intermediaries.

Results And Review Of The Business

The results for the year are set out on page 17. The Directors consider the current state of affairs of the group to be satisfactory.

Dividends

On 18th January 2006 a dividend of £68,948 was paid to the "A" Ordinary shareholders. The Directors do not propose to pay any further dividends for the year.

Change Of Name

On 13th January 2006 the company changed its name from B.P. Marsh & Partners Limited to B.P. Marsh & Company Limited.

Directors
The names of the current directors are stated at the head of this report.

The Directors' interests in the shares of the company were:

	31st January 2006					31st January 2005				
	"A" Ordinary shares of 1p each	Deferred shares of £1 each	"B" shares of 1p each	"C" shares of 1p each	"D" shares of 1p each	"A" Ordinary shares of 1p each	Deferred shares of £1 each	"B" shares of 1p each	"C" shares of 1p each	"D" shares of 1p each
B.P. Marsh	391,318	2,499,909	661,854	549,907	1,000	391,725	2,499,909	23,568	19,440	900
The Tasha Dunbar Trust	48,965	-	482	-	-	43,525	-	209	-	-
The Stephen Crowther Trust	48,965	-	-	1,471	-	-	-	-	1,783	-
F.P. de Zulueta	-	-	-	-	-	-	-	-	-	100

Post Balance Sheet Events
On 1st February 2006 B.P. Marsh & Partners plc acquired all of the share capital of the company in a share for share exchange. References throughout the Annual Report and Financial Statements to the "company" refer to B.P. Marsh & Company Limited (formerly B.P. Marsh & Partners Limited) prior to 1st February 2006 and B.P. Marsh & Partners plc from that date.

On 2nd February 2006 B.P. Marsh & Partners plc was admitted to AIM and raised £11million before expenses.

Directors' And Officers' Liability Insurance
The company has purchased insurance cover to cover directors' and officers' liability, as permitted by section 310(3)(a) of the Companies Act 1985 (as amended).

Auditors
On 15th November 2000 an elective resolution was passed to dispense with the obligation to appoint auditors annually and accordingly the company's auditors, Messrs. Rawlinson & Hunter, shall remain in office until the company or auditors determine otherwise.

By Order of the Board
I Pigram
Secretary
18th May 2006

Registered Office:
Granville House
132 Sloane Street
London
SW1X 9AX

Independent Auditors Report To The Shareholders Of B.P. Marsh & Company Limited

We have audited the financial statements of B P Marsh & Company Ltd for the year ended 31st January 2006 which comprise the Consolidated profit and loss account, consolidated statement of total recognized gains and losses, consolidated and company balance sheet, consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the auditable part of the Directors' Remuneration Report.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities Of Directors And Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the auditable part of the Directors' Remuneration Report is properly prepared in accordance with the applicable requirements in the United Kingdom. We would also report to you if, in our opinion, the Directors' Report was not consistent with the financial statements, if proper accounting records had not been kept, if we had not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions were not disclosed.

We read other information contained in the Annual Report, and consider the implications for our audit report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis Of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Directors' Remuneration Report. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the Directors' Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the auditable part of the Directors' Remuneration Report.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company and the group as at 31st January 2006 and the profit and cash flows of the group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the auditable part of the Directors' Remuneration has been properly prepared in accordance with the applicable requirements in the United Kingdom.

Rawlinson & Hunter
Registered Auditors &
Chartered Accountants
Eagle House
110 Jermyn Street
London SW1Y 6RH
18th May 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JANUARY 2006

	NOTES	2006 £	2006 £	2005 £	2005 £
Turnover	*1*		**940,606**		**641,668**
Staff costs	*3*	1,506,799		1,175,142	
Depreciation	*8*	5,697		8,749	
Other operating charges		708,384		1,177,291	
Operating costs			**(2,220,880)**		**(2,361,182)**
Income from participating interests		701,599		598,590	
Income from other fixed asset investments		285,359		743,258	
Other operating income			**986,958**		**1,341,848**
Operating loss			**(293,316)**		**(377,666)**
Provision against investments and loans		(232,023)		(2,330,875)	
Profit on disposal of fixed asset investments	*9*	574,316		315,109	
Interest receivable and similar income		32,551		36,715	
Interest payable and similar charges	*2*	(78,014)		(35,803)	
			296,830		**(2,014,854)**
Profit / (loss) on ordinary activities before taxation	*5*		**3,514**		**(2,392,520)**
Taxation	*6*		–		416,251
Profit / (loss) on ordinary activities after taxation			**3,514**		**(1,976,269)**
Dividends	*7,13*		(68,948)		–
Loss for the period			**(65,434)**		**(1,976,269)**

The result for the year is wholly attributable to continuing activities.

The notes on pages 21 – 35 form part of these accounts.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST JANUARY 2006

	2006 (£)	RESTATED 2005 (£)
Retained loss for the financial year	(65,434)	(1,976,269)
Realised revaluation deficit on sale of investments	(24,883)	-
Unrealised surplus on revaluation of investments	4,473,107	2,872,000
Total recognised profit for the year	**4,382,790**	**895,731**

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31ST JANUARY 2006

	2006 (£)	RESTATED 2005 (£)
Reported profit / (loss) on ordinary activities before taxation	3,514	(2,392,520)
Realisation of investment revaluation losses of previous periods	(24,883)	-
Historical cost loss on ordinary activities before taxation	**(21,369)**	**(2,392,520)**
Historical cost loss for the year retained after taxation and dividends	**(90,317)**	**(1,976,269)**

The notes on pages 21 - 35 form part of these accounts.

BALANCE SHEET

FOR THE YEAR ENDED 31ST JANUARY 2006

	Notes	Group 2006 (£)	Group Restated 2005 (£)	Company 2006 (£)	Company Restated 2005 (£)
Fixed assets					
Tangible assets	*8*	8,136	10,063	8,136	10,063
Investments	*9*	27,700,000	25,068,504	33,257,805	28,206,864
		27,708,136	**25,078,567**	**33,265,941**	**28,216,927**
Debtors – due after more than one year	*10*	**3,230,955**	**2,945,000**	**2,805,000**	**2,945,000**
Current assets					
Debtors	*10*	3,413,415	700,618	3,141,506	700,618
Cash at bank and in hand		1,083,896	591,839	1,083,896	591,839
		4,497,311	**1,292,457**	**4,225,402**	**1,292,457**
Creditors – amounts falling due within one year	*11*	(1,733,034)	(1,494,966)	(1,304,982)	(1,066,913)
Net current assets		**2,764,277**	**(202,509)**	**2,920,420**	**225,544**
Total assets less current liabilities		**33,703,368**	**27,821,058**	**38,991,361**	**31,387,471**
Creditors – amounts falling due after more than one year	*11*	(2,500,000)	(1,000,000)	(7,787,993)	(4,566,413)
		31,203,368	**26,821,058**	**31,203,368**	**26,821,058**
Capital and reserves					
Called up share capital	*12*	2,519,553	2,507,319	2,519,553	2,507,319
Share premium account	*13*	16,584	16,584	16,584	16,584
Revaluation reserve	*13*	19,209,299	16,358,075	20,870,576	16,342,862
Capital redemption reserve	*13*	10	10	10	10
Profit and loss account	*13*	9,457,922	7,939,070	7,796,645	7,954,283
Shareholders' funds (including non-equity interests)		**31,203,368**	**26,821,058**	**31,203,368**	**26,821,058**

Approved by the Board on 18th May 2006 and signed on its behalf:

B.P. Marsh **J.S. Newman**

The notes on pages 21 – 35 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JANUARY 2006

	NOTES	2006 (£)	2005 (£)
Cash outflow from operating activities	*14*	(329,651)	(275,715)
Returns on investment and servicing of finance	*15*	(45,463)	912
Taxation		-	494,994
Capital expenditure and financial investment	*16*	(563,881)	(3,290,746)
Equity dividends		(68,948)	-
Cash outflow before financing		**(1,007,943)**	**(3,070,555)**
Financing	*17*	1,500,000	500,000
Increase / (decrease) in cash in the year	*18*	**492,057**	**(2,570,555)**
Reconciliation of net cash flow to movement in net debt			
Increase / (decrease) in cash in the period	*18*	492,057	(2,570,555)
Cash outflow from change in debt		(1,500,000)	(1,000,000)
Exchange movement in debt		-	(3,456)
Movement in net debt in the period		**(1,007,943)**	**(3,574,011)**
Opening net debt		(740,475)	2,833,536
Closing net debt	*18*	**(1,748,418)**	**(740,475)**

The notes on pages 21 - 35 form part of these accounts.

1. Accounting Policies

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments and in accordance with applicable accounting standards.

Basis of consolidation
The group financial statements consolidate the results and net assets of the company and all of its subsidiary undertakings.

No profit and loss account is prepared for the company, as permitted by Section 230 of the Companies Act 1985. The company incurred a loss for the period of £76,456 (2005 - £2,097,609).

Change of accounting policy
Investments held as fixed assets were previously stated at cost less provision for any permanent diminution in value. Fixed asset investments that had been subject to a reorganisation were held at their revalued amount. The board of directors considered that this method of accounting did not show a fair value of these investments and therefore the investments are now stated at fair value according to the policy as set out below. The effect of this change in accounting policy has been to increase group investment valuation, hence, group shareholders' funds at 1st February 2004 by £13,460,642 and at 1st February 2005 by £16,333,192 and to increase the company's shareholders' funds at 1st February 2004 by £13,348,971 and at 1st February 2005 by £16,342,862.

Turnover
Turnover represents the amounts receivable, excluding value added tax, in respect of the provision of consultancy services. All turnover is derived from the UK.

Investments
Investments are stated at fair value.

The valuations of investments are conducted by the Board. In valuing investments the Board applies guidelines issued by the British Venture Capital Association (BVCA). The following valuation methodologies have been used in reaching fair value of investments, some of which are in early stage companies:
a) at cost, unless there has been a significant round of new equity finance in which case the investment is valued at the price paid by an independent third party. Where subsequent events or changes to circumstances indicate that an impairment may have occurred, the carrying value is reduced to reflect the estimated extent of impairment;
b) by reference to underlying funds under management;
c) by applying appropriate multiples to the earnings and revenues of the investee company; or
d) by reference to expected future cashflows from the investment where a realisation or flotation is imminent.

Realised surpluses or deficits on the disposal of investments are taken to the Profit & Loss account, unless they have already been taken to the Revaluation Reserve. Unrealised surpluses on the revaluation of investments are taken to the Revaluation Reserve. Permanent impairments in the value of investments are taken to the Profit & Loss account, except to the extent that they represent reversals of prior revaluations.

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the company is carried out. Therefore in accordance with Financial Reporting Standard 9 'Associates and Joint Ventures', they are not accounted for as associates.

Income from investments
Income from investments comprises:
a) gross interest from loan stock, which is taken to the profit and loss account on an accruals basis
b) dividends from shares, which are taken to the profit and loss account when received, except for fixed yield dividends, which are accounted for on an accruals basis provided that the investee company has sufficient distributable reserves and is able to make such distributions.

1. Accounting Policies (continued)

Depreciation
Provision for depreciation of tangible assets is made on the straight line basis at rates calculated to write off the cost of the assets, less their estimated residual values, over their expected working lives, which are considered to be:

Furniture & equipment - 5 years

Foreign currencies
Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling on the date of the transaction. All translation differences are taken to the profit and loss account as they arise.

Deferred taxation
Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on revaluation of fixed assets.No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be reversed.

Pension costs
The company operates a defined contribution scheme for some of its employees. The contributions payable to the scheme during the period are charged to the profit and loss account.

Operating leases
Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

2. Interest Payable And Similar Charges

	2006 (£)	2005 (£)
Other interest	**78,014**	**35,803**

3. Staff Costs

The average number of employees, including directors, employed by the group during the period was 22 (2005: 22). All remuneration was paid by B. P. Marsh & Company Limited.

The related staff costs were:

	2006 (£)	2005 (£)
Wages and salaries	1,271,889	981,652
Social security costs	153,669	118,615
Pension costs	81,241	74,875
	1,506,799	**1,175,142**

4. Directors' Emoluments

The aggregate emoluments of the directors were:

	2006 (£)	2005 (£)
Management services	845,453	633,941
Fees	46,552	86,633
Pension contributions	50,075	47,666
	942,080	**768,240**
Highest paid director		
Emoluments	255,019	161,857
Pension contribution	15,000	14,700
	270,019	**176,557**

The company contributes into personal pension plans on behalf of certain employees and directors. Contributions payable are charged to the profit and loss account in the period to which they relate.

During the period, 4 directors (2005: 4) accrued benefits under money purchase pension schemes.

5. Profit / (Loss) On Ordinary Activities Before Taxation

The profit / (loss) for the period is arrived at after charging:

	2006 (£)	2005 (£)
Depreciation of owned tangible fixed assets:	5,697	8,749
Auditors remuneration :		
Audit fees (Company £26,500 (2005 £8,250))	32,650	15,950
Other services (Company £21,057 (2005 £75,040))	23,507	80,440
Operating lease rentals of land and buildings	117,975	118,139

6. Taxation

The charge for tax comprises:

	2006 (£)	2005 (£)
UK corporation tax for the year	-	416,251
Factors affecting the charge for the year		
Profit / (loss) on ordinary activities before tax	**3,514**	**(2,392,520)**
Tax at 30% on profit / (loss) on ordinary activities	1,054	(717,756)
Effects of:		
Expenses not deductible for tax purposes	49,404	23,352
Non taxable income	(65,274)	-
Impairment provision not deductible for tax purposes	-	699,263
Depreciation in excess of capital allowances	(8)	464
Other effects:		
Unutilised tax losses carried forward	39,567	362,118
Utilisation of tax losses during the period	(472,374)	-
Net chargable gains	550,995	-
Provisions against investments not allowable for tax	46,800	-
Taxable capital loss in excess of accounting loss	-	(86,068)
Non-taxable income (dividends received)	(150,164)	(281,373)
Over provision in relation to prior year	-	416,251
Tax charge for the year	**-**	**416,251**

7. Dividends

	2006 (£)	2005 (£)
Ordinary dividends		
Interim dividend paid on "A" Ordinary shares	68,948	-
	68,948	**-**

8. Tangible Fixed Assets

Group and Company	Furniture & Equipment (£)
Cost	
At 1st February 2005	94,155
Additions	3,770
At 31st January 2006	**97,925**
Depreciation	
At 1st February 2005	84,092
Charge for the year	5,697
At 31st January 2006	**89,789**
Net book value	
At 31st January 2006	8,136
At 31st January 2005	**10,063**

9. Fixed Asset Investments

Group investments

	Participating interests (£)	Other investments other than loans (£)	Total (£)
At valuation			
At 1st February 2005 (restated)	21,615,504	3,453,000	25,068,504
Additions	271,378	-	271,378
Disposals	(792,358)	-	(792,358)
Impairment (provision) / reversal	(16,000)	292,369	276,369
Valuation released to Profit & Loss account on disposal	(1,597,000)	-	(1,597,000)
Movement in valuation	1,368,476	3,104,631	4,473,107
At 31st January 2006	**20,850,000**	**6,850,000**	**27,700,000**
At cost			
At 1st February 2005	6,375,725	2,359,587	8,735,312
Additions	271,378	-	271,378
Disposals	(792,358)	-	(792,358)
Impairment (provision) / reversal	(16,000)	292,369	276,369
At 31st January 2006	**5,838,745**	**2,651,956**	**8,490,701**

Included within the group's profit and loss account are profits on disposal of fixed asset investments of £574,316 (2005: £315,109). Of this £390,970 (2005: £315,109) relates to income received from investments written off in prior years and the reversal of an impairment provision. £183,346 relates to a profit on disposal of Carpenter Moore Insurance Services, Inc. in excess of the £2,297,000 valuation as at 31st January 2005.

Company investments

	Shares in group undertakings (£)	Participating interests (£)	Investments other than loans (£)	Total (£)
At valuation				
At 1st February 2005 (restated)	16,017,114	8,736,750	3,453,000	28,206,864
Additions	480	271,378	-	271,858
Disposals	-	(25,000)	-	(25,000)
Impairment (provision) / reversal	-	(16,000)	292,369	276,369
Movement in valuation	(268,789)	1,691,872	3,104,631	4,527,714
At 31st January 2006	**15,748,805**	**10,659,000**	**6,850,000**	**33,257,805**
At cost				
At 1st February 2005	6,523,845	2,980,308	2,359,849	11,864,002
Additions	480	271,378	-	271,858
Disposals	-	(25,000)	-	(25,000)
Impairment (provision) / reversal	-	(16,000)	292,369	276,369
At 31st January 2006	**6,524,325**	**3,210,686**	**2,652,218**	**12,387,229**

Included within the company's profit and loss account are profits on disposal of fixed asset investments of £356,735 (2005: £315,109). This relates to income received from investments written off in prior years and the reversal of an impairment provision.

9. Fixed Asset Investments (continued)

Shares in group undertakings
The results of group undertakings, which are registered in England and Wales, are as follows:

NAME OF COMPANY	% HOLDING OF SHARE CAPITAL	AGGREGATE CAPITAL AND RESERVES AT 31ST JANUARY 2006 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31ST JANUARY 2006 (£)	PRINCIPAL ACTIVITY
Marsh Insurance Holdings Limited	100	15,747,805	79,970	Investment holding company
B.P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

Participating interests
The participating interests, all of which are registered in England and Wales, are as follows:

NAME OF COMPANY	% HOLDING OF SHARE CAPITAL	DATE INFORMATION AVAILABLE TO	AGGREGATE CAPITAL AND RESERVES (£)	POST TAX PROFIT/(LOSS) FOR THE YEAR (£)	PRINCIPAL ACTIVITY
Hyperion Insurance Group Limited	27.89	30.09.05	5,574,000	2,464,000	Insurance holding company
Public Risk Management Limited	35.00	31.12.05	(282,550)	(36,778)	Public sector risk management consultants
Besso Holdings Limited	24.69	31.12.04	7,575,271	1,525,409	Investment holding company
Paterson Martin Limited	22.50	31.12.05	494,097	112,402	Actuarial insurance/ reinsurance consultants
Portfolio Design Group International Limited	20.00	31.12.05	4,406,424	592,711	Fund managers of traded endowment policies
Morex Commercial Ltd	20.00	31.07.05	(1,282,807)	(20,567)	Trading in secondary life policies
Preferred Asset Management Ltd	20.00	30.09.04	(1,218)	(43,222)	Fund management company
Surrenda-Link Nominees Ltd	20.00	31.12.04	654	Nil	Investment holding company

9. Fixed Asset Investments (continued)

Under FRS 25 the Paterson Martin Limited accounts have included the company's 22.5% interest as a long-term creditor. As this is in reality an equity investment the aggregate capital and reserves shown have therefore been adjusted to include this as equity and therefore part of the total shareholders' funds.

The company has a 35% interest in shares of Summa Insurance Brokerage, S.L. as at 31st January 2006. The company was incorporated in Spain on 23rd December 2004. Their first period of accounts will be to 31st December 2005 and there are no statutory figures available as yet.

The company has a 28% interest in the shares of HQB Partners Limited as at 31st January 2006. The company was incorporated on 14th September 2004 and their first period of accounts will be to 31st December 2005. There are no statutory figures available as yet.

On 2nd September 2005 the company entered into a sale and purchase agreement to sell its 27.37% holding in Carpenter Moore Insurance Services, Inc. which completed on 30th September 2005.

On 4th August 2005 Jump Group Limited, in which the company has a 22.5% interest, was placed into administration. Full provision has been made against this investment.

10. Debtors

	GROUP		COMPANY	
	2006 (£)	2005 (£)	2006 (£)	2005 (£)
Due within one year				
Trade debtors	245,092	182,342	245,092	182,342
Loans to participating interests	2,510,000	357,143	2,510,000	357,143
Other debtors	302,388	24,758	30,479	24,758
Prepayments and accrued income	355,935	136,375	355,935	136,375
	3,413,415	**700,618**	**3,141,506**	**700,618**
Due after one year				
Loans to participating interests	2,805,000	2,945,000	2,805,000	2,945,000
Other debtors	425,955	-	-	-
	3,230,955	**2,945,000**	**2,805,000**	**2,945,000**

Included within trade debtors, £186,317 (2005: £118,916) is owed by the group's participating interests. Of this total £149,598 (2005: £93,652) is owed by the company's participating interests.

On 23rd February 2006 £1,429,661 of the £1,500,000 loan owed within one year by Hyperion Insurance Group Limited was converted into 5,277 Ordinary shares of £1 each and 4,662 preferred cumulative shares of £1 each in Hyperion Insurance Group Limited. The remainder of the balance was repaid to the company.

On 21st March 2006 the £600,000 loan owed within one year by Besso Holdings limited was converted into 600,000 redeemable preference shares of £1 each.

11. Creditors

	Group 2006 (£)	Group 2005 (£)	Company 2006 (£)	Company 2005 (£)
Due within one year				
Trade creditors	40,388	7,620	40,388	7,620
Amounts owed to group undertakings	-	-	1,000	1,000
Corporation Tax	429,040	429,040	-	-
Other taxation & social security costs	58,639	34,060	58,639	34,060
Other loans	332,314	332,314	332,314	332,314
Other creditors	12	13	-	-
Accruals and deferred income	872,641	691,919	872,641	691,919
	1,733,034	**1,494,966**	**1,304,982**	**1,066,913**
Due after one year				
Amounts owed to group undertakings	-	-	5,287,993	3,566,413
Other loans	2,500,000	1,000,000	2,500,000	1,000,000
	2,500,000	**1,000,000**	**7,787,993**	**4,566,413**

The other loan due within one year is an amount which is unsecured, interest free and repayable on the finalisation of the liquidation of Whitmor Holdings Limited (formerly Glenvaal Dewar Rand Limited).

The other loan due after one year relates to amounts lent to the company by Mr B.P. Marsh as part of a £3,000,000 facility, and is secured on the assets of the company. The loan accrues interest at a rate of 2% above the UK base rate, and is repayable in full by June 2009. Interest is payable on a quarterly basis. On 8th February 2006 the £2,500,000 loan drawn down to date was repaid in full following the Group's admission to AIM and this loan was replaced with a new £3,000,000 facility with B.P. Marsh & Partners plc. This new facility is on the same interest and repayment terms but also has a charge of 1% p.a. on any undrawn amount.

12. Called Up Share Capital

	2006 (£)	2005 (£)
Authorised		
152,007,829 "A" Ordinary shares of 1p each (2005: 153,179,452)	1,520,078	1,531,795
2,502,509 deferred shares of £1 each (2005: 2,502,509)	2,502,509	2,502,509
668,648 "B" shares of 1p each (2005: 47,648)	6,687	476
600,623 "C" shares of 1p each (2005: 49,623)	6,006	496
50,000 "D" shares of 1p each	500	500
No undesignated shares of 1p each (2005: 377)	-	4
	4,035,780	**4,035,780**
Allotted, called up and fully paid		
489,655 "A" Ordinary shares of 1p each (2005: 435,250)	4,897	4,352
2,502,509 deferred shares of £1 each (2005: 2,502,509)	2,502,509	2,502,509
662,336 "B" shares of 1p each (2005: 23,568)	6,623	236
551,378 "C" shares of 1p each (2005: 21,223)	5,514	212
1,000 "D" shares of 1p each (2005: 1,000)	10	10
	2,519,553	**2,507,319**

12. Called Up Share Capital (continued)

Reorganisation of share capital
On 17th November 2005 at an extraordinary general meeting of the company the following ordinary resolutions were passed to reorganise the share capital of the company:

(i) THAT the authorised share capital of the Company be amended so that 621,000 "A" ordinary shares of 1p each are converted into "B" ordinary shares of 1p each; and 551,000 "A" ordinary shares of 1p each are converted into "C" ordinary shares of 1p each. These new "B" & "C" shares shall have the rights and be subject to the conditions set out in the articles of association of the Company.

(ii) THAT the directors are generally and unconditionally authorised to allot a further 644,208 "B" shares of 1p each by way of bonus issue to be funded out of distributable reserves to the holders of the "B" shares in the company as at 1st July 2005.

(iii) THAT the directors are generally and unconditionally authorised to allot a further 579,120 "C" shares of 1p each by way of bonus issue to be funded out of distributable reserves to the holders of the "C" shares in the company as at 1st July 2005.

(iv) THAT 5,440 issued "B" shares of 1p each be converted into 5,440 "A" ordinary shares of 1p each ranking pari passu in all respects with the existing ordinary "A" shares of 1p each.

(v) THAT 48,965 issued "C" shares of 1p each be converted into 48,965 "A" ordinary shares of 1p each ranking pari passu in all respects with the existing "A" ordinary shares of 1p each.

(vi) THAT 377 undesignated shares of 1p each of the authorised share capital of the company be converted into 377 "A" ordinary shares of 1p each having the rights and being subject to the conditions set out in the articles of association of the company.

In addition the articles of association of the Company were amended to reflect the above changes.

Rights attributable to each class of share
(a) as regards income:

(i) subject to the performance related provisions the holders of the "A", "B",and "C" shares from time to time in issue shall be entitled to be paid such sum by way of dividend as the holder or holders of the majority of the "A" Shares determine from time to time;

(ii) until 31st January 2007 the holders of the relevant "D" shares from time to time in issue shall not be entitled to any percentage of the profits of the company available for distribution and resolved to be distributed in respect of each of the company's financial years;

(iii) the deferred shares shall have no rights to any income;

(iv) the holder or holders of the "A" shares holding the majority of the issued "A" shares from time to time may declare such a dividend in favour of such one or more individual shareholder, one or more class of shareholder or one or more classes of shareholder as they so agree and any declaration or payment to any one or more shareholder shall not be deemed to be a disposal or waiver of any right of any other shareholder.

12. Called Up Share Capital (continued)

(b) as regards capital:

subject to the performance related provisions on a return of capital on liquidation or otherwise the assets of the company available for distribution among the members shall be distributed:

(i) first equally among all of the holders of "A" shares and of "B" shares and of "C" shares and of the "D" shares and of the deferred shares according to the sums paid up or credited as paid up on and up to the nominal value of each share; and

(ii) secondly as to any balance equally among the holders of the "A" shares only as regards any surplus assets.

(c) as regards voting:

subject to the performance related provisions:

(i) on a show of hands and a poll every holder of an "A" share shall have one vote, less any proportion allocated to "B" and "C" shares under the performance related provisions;

(ii) on a show of hands and a poll every holder of "B" and "C" shares shall have a vote dependent on the performance related provisions in place;

(iii) until 31st January 2007 the "D" shares shall carry no rights to vote at any general meeting whether on a show of hands, on a poll or otherwise;

(iv) the Deferred Shares shall carry no rights to vote at any general meeting whether on a show of hands, on a poll or otherwise and shall have no right to be notified of or attend any general meeting.

(d) as regards redemption:

(i) between 31st January 2007 and 31st January 2010 the "D" shares shall be redeemable in whole or in part either by the holder of the share or by the company. On any such redemption each share shall confer the right to a fixed redemption sum equal to the sum per share net of any tax or other duty.

These rights attaching to the shares are as per the special resolution passed on 17th November 2005. The only amendments made to the rights were that previously the "B" shares were redeemable in whole or in part by the holder of the share or by the company between 31st January 2003 and 31st January 2006 and the "C" shares were redeemable in whole or in part by the holder of the share or by the company between 31st January 2004 and 31st January 2006. On any such redemption each share conferred the right to a fixed redemption sum equal to the sum per share net of any tax or other duty.

Post balance sheet reorganisation of share capital
On 1st February 2006 a special resolution was passed to convert all shares into one class of ordinary shares of 1p each. On 2nd February 2006 the holders of the ordinary shares exchanged them for shares in B.P. Marsh & Partners plc and from that date the company became a single member company.

13. Reconciliation Of Movements In Shareholders' Funds

Group

	Share Capital (£)	Share Premium Account (£)	Revaluation Reserve (£)	Capital Redemption Reserve (£)	Profit and Loss Account (£)	Total (£)
At 1st February 2005	2,507,319	16,584	16,358,075	10	7,939,070	26,821,058
Profit for the year	-	-	-	-	3,514	3,514
Dividends paid	-	-	-	-	(68,948)	(68,948)
Bonus issue of "B" shares	6,442	-	-	-	(6,442)	-
Bonus issue of "C" shares	5,792	-	-	-	(5,792)	-
Acquisition of subsidiary undertaking	-	-	-	-	(480)	(480)
Realised revaluation deficit on sale of investments	-	-	(24,883)	-	-	(24,883)
Valuation released to Profit & Loss account on disposal	-	-	(1,597,000)	-	1,597,000	-
Surplus on revaluation of investments	-	-	4,473,107	-	-	4,473,107
At 31st January 2006	**2,519,553**	**16,584**	**19,209,299**	**10**	**9,457,922**	**31,203,368**

Company

	Share Capital (£)	Share Premium Account (£)	Revaluation Reserve (£)	Capital Redemption Reserve (£)	Profit and Loss Account (£)	Total (£)
At 1st February 2005	2,507,319	16,584	16,342,862	10	7,954,283	26,821,058
Loss for the year	-	-	-	-	(76,456)	(76,456)
Dividends paid	-	-	-	-	(68,948)	(68,948)
Bonus issue of "B" shares	6,442	-	-	-	(6,442)	-
Bonus issue of "C" shares	5,792	-	-	-	(5,792)	-
Surplus on revaluation of investments	-	-	4,527,714	-	-	4,527,714
At 31st January 2006	**2,519,553**	**16,584**	**20,870,576**	**10**	**7,796,645**	**31,203,368**

14. Reconciliation Of Operating Loss To Net Cash Outflow From Operating Activities

	2006 (£)	2005 (£)
Operating loss	(293,316)	(377,666)
Depreciation charges	5,697	8,749
(Increase) / decrease in trade debtors, prepayments and other debtors	(288,031)	9,847
(Decrease) in creditors	238,069	83,355
Foreign exchange loss provision on profit on sale of investments	7,930	-
Net cash outflow from operating activities	**(329,651)**	**(275,715)**

15. Returns On Investment And Servicing Of Finance

	2006 (£)	2005 (£)
Interest received	32,551	36,715
Interest paid	(78,014)	(35,803)
	(45,463)	**912**

16. Capital Expenditure And Financial Investment

	2006 (£)	2005 (£)
Purchase of fixed assets	(3,770)	(3,901)
Purchase of investments	(271,378)	(591,597)
Proceeds on sale of tangible fixed assets	1,864,603	358,752
(Payment)/Repayment of loans (to)/from investee companies	(2,153,336)	(3,054,000)
	(563,881)	**(3,290,746)**

17. Financing

	2006 (£)	2005 (£)
Loan advances received in the period	1,500,000	1,000,000
Shares redeemed during the period	-	(500,000)
	1,500,000	**500,000**

18. Analysis Of Changes In Net Debt

	At 1st February 2005 (£)	Cash flows (£)	At 31st January 2006 (£)
Cash at bank and in hand	**591,839**	**492,057**	**1,083,896**
Debt due within one year	(332,314)	-	(332,314)
Debt due after one year	(1,000,000)	(1,500,000)	(2,500,000)
	(740,475)	**(1,007,943)**	**(1,748,418)**

19. Operating Lease Commitment

The group and company is committed to making the following annual payments under non cancellable operating leases in the year to 31st January 2006:

	2006 Land and buildings (£)	2005 Land and buildings (£)
Operating leases which expire:		
Within two to five years	117,975	118,139

20. Loan Commitments

On 31st January 2005 the company entered into an agreement to provide a participative-subordinated loan of €1,368,615 (£939,994) and a loan facility of €1,500,000 (£1,024,870) to Summa Insurance Brokerage S.L, an associated company and a company incorporated in Spain. €368,615 (£254,217) of the participative-subordinated loan was paid on 7th February 2005 with the remaining €1,000,000 (£685,777) paid on 3rd March 2006. As at 31st January 2006 the loan facility had not been drawn on.

On 15th April 2004 the company entered into an agreement to provide a loan facility of £300,000 to Paterson Martin Limited, an associated company. At 31st January 2006 this loan had not been drawn on.

21. Contingent Liabilities

The directors estimate that, if the group were to dispose of all its investments at the amount stated in the Balance Sheet, £5,490,909 (2005: £4,725,806) of tax on capital gains would become payable by the group. Of this the directors estimate that the company's liability is £2,918,161 (2005: £1,536,146).

22. Related Party Disclosures

The following loans owed by the associated companies of the Company and its subsidiaries were outstanding at the year end:

	2006 (£)	2005 (£)
Besso Holdings Limited	600,000	-
HQB Partners Limited	80,000	-
Hyperion Insurance Group Limited	3,850,000	2,350,000
Public Risk Management Ltd	375,000	345,000
Portfolio Design Group International Limited	-	357,143
Jump Group Limited	1,400,000	1,350,000

The company made a provision of £50,000 in 2006 (£1,350,000 in 2005) against the loans made to Jump Group Limited.

Income receivable, consisting of consultancy fees and interest on loans credited to the profit and loss account in respect of the associated companies of the Company and its subsidiaries for the year were as follows:

	2006 (£)	2005 (£)
Besso Holdings Limited	134,990	53,254
Carpenter Moore Group	329,810	199,131
Hyperion Insurance Group Limited	504,259	336,707
Jump Group Limited	-	95,038
Marine Reinsurance International Limited	-	58,999
Marsh Christian Trust	46,000	45,000
Portfolio Design Group International Limited	41,952	60,812
Public Risk Management Ltd	55,355	48,350
Paterson Martin Limited	43,614	27,257
HQB Partners Limited	25,443	-
Summa Insurance Brokerage S.L	54,777	-

As at 31st January 2006 the company owed £2,500,000 (2005: £1,000,000) to Mr B.P. Marsh, who is the Chairman and majority shareholder of the company. Interest paid to him during the period amounted to £78,014 (2005: £21,803).

All the above transactions were conducted on an arms length basis.

23. Director's Interest In Contracts

S.S. Clarke is entitled to a maximum of 20% of any gain, after deducting expenses and following the repayment of all loans, the redemption of all preference shares, loan stock and equivalent finance provided by the company, on the sale of certain agreed investments of the company and its subsidiaries.

Accordingly, S.S. Clarke was paid £12,676 on 21st February 2005, in relation to Jump Group Limited.

The valuations of these certain agreed investments of the company and its subsidiaries have been reduced by the respective entitlements to S.S. Clarke.

24. Post Balance Sheet Events

a) As disclosed in Note 11, the loan of £2,500,000 from Mr B.P. Marsh was repaid in full after the year end following the Group's admission to AIM which generated the cash necessary for this repayment. At the year end, it was uncertain as to whether the loan would be repaid as it depended upon whether the Group's admission to AIM would be successful. Therefore the loan is shown as being due for repayment after one year according to its terms.

b) On 1st February 2006 B.P. Marsh & Partners plc acquired all of the share capital of the company in a share for share exchange. References throughout the Annual Report and Financial Statements to the "company" refer to B.P. Marsh & Company Limited (formerly B.P. Marsh & Partners Limited) prior to 1st February 2006 and B.P. Marsh & Partners plc from that date.

   On 2nd February 2006 B.P. Marsh & Partners plc was admitted to AIM and raised £11 million before expenses.

Making investments is not like saving and not like spending either. It is like choosing a canvas or a theme: where to try to be creative next.

GROWTH, MATURITY

AND A VISION FOR SUCCESS.

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