B. P. MARSH & PARTNERS PLC

2007 ANNUAL REPORT

COMPANY INFORMATION

Directors
Brian Marsh OBE *(Chairman)*
Natasha Dunbar *(Managing Director)*
Jonathan Newman *(Group Director of Finance)*
Francis de Zulueta *(Development Director)*
Stephen Clarke *(Non-executive)*
Philip Mortlock *(Non-executive)*
Clare Ferguson *(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, Northern House
Woodsome Park, Fenay Bridge
Huddersfield, West Yorkshire, HD8 0LA

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

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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.

"It is not the power of money that makes an investment a success; it is the power of the ideas behind it."

I am pleased to present the final audited results for B. P. Marsh & Partners Plc (the "Group") and its consolidated statements for the year ended 31st January 2007, the first year since the Group's ordinary shares were admitted to trading on AIM on 2nd February 2006.

Overview

The AIM Admission was a significant landmark for the Group and raised proceeds of £10.1 million net of expenses through the placement of a total of 9.3 million ordinary shares (including just under 7.9 million new ordinary shares). This resulted in a total of 29.3 million ordinary shares in issue, and an initial market capitalisation of just over £41 million.

During the year, the Group played a significant part in the re-financing of two of its largest investments, and has utilised 50% of the funds raised from its admission to AIM as follows:

- The Group invested a further £1.7m in Besso Holdings Limited ("Besso"), a multi-niche Lloyd's insurance broking Group, to enable Besso to restructure its finances and further develop the business. The Group's investment included the capitalisation of a loan (£0.6m). In doing so, the Group maintained its shareholding in Besso at 24.7%. This shareholding was subsequently diluted to 23.55% following the implementation of an Executive Share Option Plan that was introduced to incentivise management;

- The Group participated in an equity placing to raise £5.1m for Hyperion Insurance Group Limited ("Hyperion") to facilitate the further expansion of one of the United Kingdom's fastest growing independent insurance groups. The Group exercised its pre-emption rights and, by capitalising part of a loan (£1.4m), maintained its shareholding in Hyperion at 27.9%;

- The Group invested €1m in Summa Insurance Brokerage, S. L. a consolidator of regional insurance brokerages based in Spain, which made its first acquisition in March 2006. It also lent €0.4m of a €2m facility to fund further acquisitions;

- The Group invested a further £0.1m in Principal Investment Holdings Limited, a predominately discretionary fund manager with both retail and institutional clients, in order to maintain its percentage equity;

- The Group repaid in full the loan of £2.5m from Mr B. P. Marsh following its admission to AIM.

The investments within the Group's portfolio made good, and in some cases very good, progress during the year. Hyperion Insurance Group for example increased revenues by 24% and operating profits by 37% for its year to 30th September 2006 and was listed as no. 32 in the Sunday Times Deloitte Buyout Track 100 league table.

During the year we actively reviewed a number of prospective new investments. Four potential investments were brought to an advanced stage of negotiation and two of these, JMD Specialist Insurance Services Group Ltd and LEBC Holdings Limited were completed after the year-end.

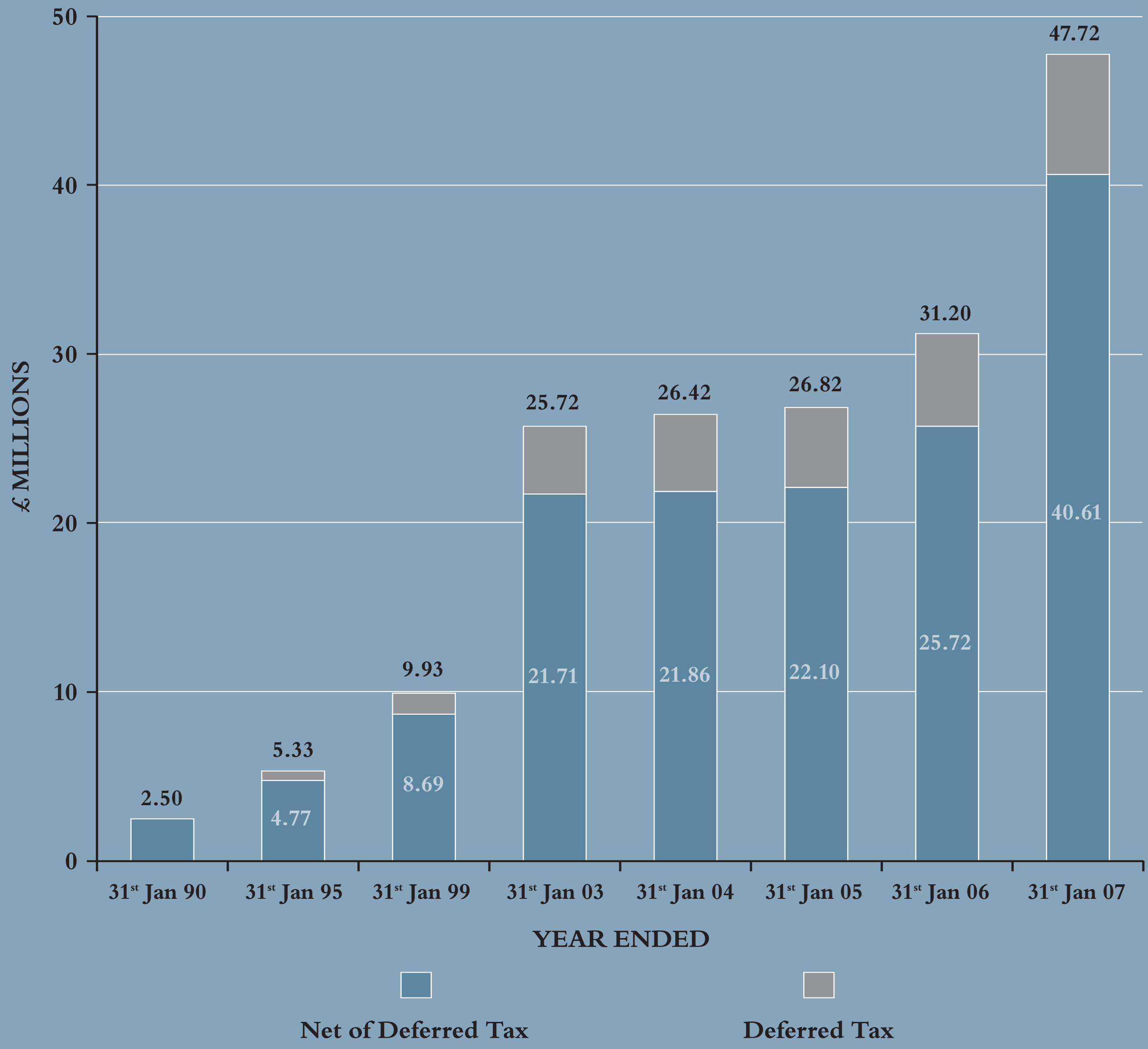
Financial Performance

At 31st January 2007, the net asset value of the Group was £47.7m (2006 : £31.2m) before deferred tax. Including deferred tax the net asset value was £40.6m (2006 : £25.7m). Adjusting for the £10.1m net proceeds raised on flotation this equates to an increase in net asset value of 15.4% before deferred tax (2006 : 16.4%), or 13.2% after deferred tax (2006 : 16.3%).

The net asset value of £47.7m at 31st January 2007 represented a total increase in net asset value of £35.1m since the Group was originally formed in 1990 excluding the £10.1m net proceeds raised on AIM and the original capital investment of £2.5m. The directors are satisfied that the Group has maintained an annual compound growth rate of 17% after running costs, realisations, losses and distributions but excluding deferred tax (15.5% including deferred tax) since 1990.

GROUP VALUATIONS

The Group made total distributions of £4,432,000 between 2002 and 2006 and therefore the valuations below are net of these distributions. The valuation as at 31st January 2007 includes £10.1m net proceeds raised on AIM.



Deferred Tax £ Millions

31st Jan 90	*31st Jan 95*	*31st Jan 99*	*31st Jan 03*	*31st Jan 04*	*31st Jan 05*	*31st Jan 06*	*31st Jan 07*
0	*0.56*	*1.24*	*4.01*	*4.56*	*4.72*	*5.48*	*7.11*

NB: The valuations from 31st January 2003 onwards have been reviewed by the Group's auditors and have previously been disclosed in the Company's Admission Document dated 2nd February 2006 or in subsequent announcements. Although the valuations prior to this date were prepared on a consistent basis they have not been the subject of review and are provided for comparative purposes.

Based upon the above figures the Group's net asset value per share as at 31st January 2007 was 163p excluding deferred tax (139p including deferred tax).

The consolidated profit on ordinary activities before share based provision for the year was £242k (2006 : £4k).

Post Year-End Investments

The Group has managed to invest the remaining 50% of the funds raised on its admission to AIM following the year-end as follows:

- The Group acquired a 25% shareholding in JMD Specialist Insurance Services Group Limited ("JMD") for £0.6m and has agreed to provide a further £0.25m in loans to further develop the business. JMD is an accelerated premium collection service based in the city of London and provides a unique approach to the acceleration of insurance cash flow as well as effective balance sheet management;

- The Group acquired a 22.5% shareholding in LEBC Holdings Limited ("LEBC") for an initial consideration of £1.8m and a further deferred payment of £0.2m based upon their subsidiary company's audited results to 31st May 2007. LEBC is an Independent Financial Advisor established in 2000 with 11 branches around the UK and 56 advisors which provides services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas;

- The Group participated in a further £5.5m rights issue for Hyperion Insurance Group Limited to further develop the business taking up its pro-rata share at £1.5m and thereby retaining its 27.89% shareholding;

- The Group lent Summa Insurance Brokerage S.L. a further €1.6m, part of an agreed €2m loan facility, to fund further acquisitions of regional brokers in Spain.

In addition the Group currently has committed to provide a further £0.6m of funding either through debt or deferred equity for its existing investments. After taking this into consideration, the Group currently has circa £1.2m of cash available for further investments together with a £3m loan facility.

Business Strategy

The Group typically invests amounts of up to £2.5 million and only takes minority equity positions, normally acquiring between 15% and 40% of an investee company's total equity. The Group requires its investee companies to adopt certain minority shareholder protections and appoints a director to the relevant board. The Group's successful track record is based upon a number of factors that include, amongst other things, a robust investment process, the management's considerable experience of the financial services sector, and a flexible approach towards exit-strategies.

People

In September 2006, Ms Clare Ferguson who, inter alia, has been a partner in the law firm Taylor Wessing for many years, joined the Board as a non-executive director and was immediately co-opted on to the Remuneration Committee. We warmly welcomed her, and I thank all the directors and staff for their unstinting contributions towards the progress of the Group. In March 2007 we said farewell to Stephen Crowther, who had served as a director since 1998, and with whom we will, in his continuing capacity as a director of one of our Investee Companies, no doubt maintain a mutually helpful relationship.

The directors consider that the Group remains unique in its investment sector and we continue to see a large number of relatively small investment opportunities with excellent management and spirited business plans. These represent a challenge, which the B. P. Marsh team relishes.

Brian Marsh OBE
Chairman
4th June 2007

“Change is one of our constants: a change of facts can lead to a change of mind.”

As at 31st January 2007 the Group has holdings in the following companies which are valued in accordance with the accounting policies on Investments as set out on page 28.

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 2007 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: 23.55%
31st January 2007 valuation: £12,113,000

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 2007 valuation: £390,000

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 2007 valuation: £11,999,000

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 modeling 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 2007 valuation: £427,000

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 2007 valuation: £4,452,000

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: 19.0%
31st January 2007 valuation: £7,202,000

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: 44.0%
31st January 2007 valuation: £61,000

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 2007 valuation: £1,050,000

The Group acquired equity interests in the following companies after 31st January 2007:

JMD Specialist Insurance Services Group Limited

(www.jmd-sis.com)

In March 2007 the Group invested in JMD, a provider of leading-edge services to the insurance industry. Their unique approach to measurable cash flow and profit enhancements adds value to Lloyd's syndicates, UK and international insurers and re-insurers.

Date of investment: March 2007
Equity stake: 25.0%
31st January 2007 valuation: N/A

LEBC Holdings Limited

(www.lebc-group.com)

In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

Date of investment: March 2007
Equity stake: 22.5%
31st January 2007 valuation: N/A

B.P. MARSH & PARTNERS PLC ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31ST JANUARY 2007

We are here to help groups of experts in their own field, with viable niche businesses, through the early uncertain years of their independence from a large organisation; we also provide young and growing businesses, whose management perceive opportunities for expansion, with the required funding and advice on structuring.

We are in the business of planting things,
not shooting at them
– we are farmers not hunters.

DIRECTORS

Brian Marsh OBE
(Chairman, aged 66) (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 Nelson Hurst & Marsh (Holdings) Ltd, before founding the Group. He has over 30 years experience in building, buying and selling financial services businesses particularly in the insurance sector. Brian is a majority shareholder in B. P. Marsh and owns 58.5% of the Company.

Natasha Dunbar BBA
(Managing Director, aged 37) (I)

Natasha has over 13 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. Trustees on behalf of Natasha own 4.9 % of the Company.

Francis de Zulueta ASI
(Development Director, aged 48) (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
(Group Finance Director, aged 32) (I) (V)

Jonathan is a chartered management accountant with 9 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 69) (R) (A)

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 69) (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.

Clare Ferguson
(Non-executive, aged 57) (R)

Being a Consultant in the Litigation and Dispute Resolution Department at international law firm Taylor Wessing, and a partner for 24 years, she has latterly focused on Risk Management. With her broad and deep knowledge in the field she adds legal expertise to our team.

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 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 two of the 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 three 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 14 to 15.

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 controls 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 16.

R.G. King
Company Secretary
By order of the Board

The Remuneration Committee of the Board (the "Committee") is comprised of the three non-executive directors of the Company, Philip Mortlock, Stephen Clarke and Clare Ferguson 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 seeks 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

The executive directors entered into service agreements with the Company on the following dates:

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

**J. K. N. Dunbar entered into a new service agreement on 1st April 2007.*
***S.J. Crowther resigned on 27th March 2007.*

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.

Audited Information

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 it 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.

The following awards of Share Units have been made under the SARP:

EXECUTIVE	INITIAL AWARD OF SHARE UNITS	% OF TOTAL SHARE UNITS
Francis de Zulueta	1,098,230	25
Natasha Dunbar	878,584	20
Jonathan Newman	878,584	20
Philip Mortlock	658,938	15
Total	**3,514,336**	**80**

878,585 Share Units representing 20% of the total Share Units that may be awarded under the SARP are presently unallocated.

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. Further details are given in Note 23 to the accounts.

Aggregate Directors' Remuneration

	2007 (£)	2006 (£)
Emoluments	868,818	845,453
Fees	36,400	46,552
Pension contributions	53,850	50,075

Directors' Emoluments

	SALARIES AND FEES (£)	BENEFITS (£)	ANNUAL BONUSES (£)	LONG TERM INCENTIVE PAYMENTS (£)	2007 EMOLUMENTS EXCLUDING PENSION CONTRIBUTIONS (£)
B. P. Marsh	173,500	10,268	-	-	183,768
J. K. N. Dunbar *	158,000	5,427	39,750	-	203,177
S. J. Crowther	158,000	6,720	3,500	-	168,220
F. P. H. de Zulueta	137,500	6,085	16,500	-	160,085
J. S. Newman **	85,000	974	34,750	250,000	370,724
P. J. Mortlock	36,400	-	-	-	36,400
S. S. Clarke	25,225	-	-	-	25,225
C.M. Ferguson	7,619	-	-	-	7,619

**J. K. N. Dunbar entered into a new service agreement on 1st April 2007.*
***J. S. Newman received a long term incentive payment of £250,000 from the B. P. Marsh Employee Benefit Trust during the year. This payment was funded in full by B. P. Marsh & Company Limited prior to its admission to AIM.*

Directors' Pensions
The executive directors received the following pension contributions during the year:

	2007 (£)
B. P. Marsh	-
J. K. N. Dunbar	15,800
S. J. Crowther	15,800
F. P. H. de Zulueta	13,750
J. S. Newman	8,500

The Report has been approved by the Board and has been signed on their behalf by the Company Secretary, Robert King.

By order of the Board
R.G. King
Company Secretary

Directors

B.P. Marsh OBE (Chairman) (appointed 16th January 2006)
Ms. J.K.N. Dunbar BBA (Managing) (appointed 16th January 2006)
J.S. Newman BA, ACMA, MSI (appointed 16th January 2006)
F.P. de Zulueta ASI (appointed 16th January 2006)
S.S. Clarke FCA (non-executive) (appointed 16th January 2006)
P.J. Mortlock MA, FCA (non-executive) (appointed 16th January 2006)
C.M. Ferguson (non-executive) (appointed 14th September 2006)
S.J. Crowther (appointed 16th January 2006) (resigned 27th March 2007)

The directors submit their report and the audited financial statements for the year ended 31st January 2007.

Statement Of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Principal Activity

The principal activity of the Group during the year was the provision of consultancy services as well as making and trading investments in financial service businesses.

Date Of Incorporation

The company was incorporated on 13th January 2006 with 10 Ordinary shares of 10p each being issued.

Accounting Period And Reverse Acquisition Accounting

Following a reverse takeover on 1st February 2006, B.P. Marsh & Partners Plc became the legal parent company of B.P. Marsh & Company Limited through a share-for-share exchange transaction. Previously B.P. Marsh & Company Limited had prepared consolidated accounts for the year ending 31st January of each year. As B.P. Marsh & Partners Plc was dormant until it became part of the group on 1st February 2006, it has been decided to prepare the accounts on the basis of a year to 31st January 2007. For comparative purposes the position of the Balance Sheet of B.P Marsh & Partners Plc is shown as at 31st January 2006 even though this is its first accounting period and therefore all reference in these accounts to the period are effectively from 1st February 2006 to 31st January 2007 (see Accounting Policy on "Reserve Acquisition Accounting" in Note 1 for more details).

Business Review

The AIM Admission was a significant landmark for the Group and raised proceeds of £10.1m net of expenses through the placement of a total of 9.3 million ordinary shares (including just under 7.9 million new ordinary shares). This resulted in a total of 29.3 million ordinary shares in issue, and an initial market capitalisation of just over £41m.

During the year the major activities of the Group were as follows :

- The Group invested a further £1.7m in Besso Holdings Limited ("Besso"), a multi-niche Lloyd's insurance broking Group, to enable Besso to restructure its finances and further develop the business. The Group's investment included the capitalisation of a loan (£0.6m). In doing so, the Group maintained its shareholding in Besso at 24.7%. This shareholding was subsequently diluted to 23.55% following the implementation of an Executive Share Option Plan that was introduced to incentivise management.
- The Group participated in an equity placing to raise £5.1m for Hyperion Insurance Group Limited ("Hyperion") to facilitate the further expansion of one of the United Kingdom's fastest growing independent insurance groups. The Group exercised its pre-emption rights and by capitalising part of a loan (£1.4m), maintained its shareholding in Hyperion at 27.9%.
- The Group invested €1m (£0.7m) in Summa Insurance Brokerage, S. L. a consolidator of regional insurance brokerages based in Spain, which made its first acquisition in March 2006. It also lent €0.4m (£0.3m) of a €2m loan facility to fund further acquisitions.
- The Group invested a further £0.15m in Principal Investment Holdings Ltd, a fund manager, in order to maintain its percentage shareholding.
- The Group lent Paterson Martin Limited, a company that specialises in actuarial insurance transactions, £0.2m as part of an agreed £0.3m loan facility to fund its development.
- The Group repaid in full the loan of £2.5m from Mr B. P. Marsh following its admission to AIM.
- The Group received $0.7m (£0.4m) as part of the funds withheld in escrow on the sale of Carpenter Moore Insurance Services Inc ("CMIS") in October 2005. Originally $0.5m of the Group's proceeds had been withheld to ensure that a minimum level of working capital was achieved. However, on completion of CMIS' audited accounts to 30th September 2005 there was a surplus which generated a further profit for the Group of £0.1m.

Financial Performance

At 31st January 2007, the net asset value of the Group was £47.7m (2006 : £31.2m) before deferred tax. Including deferred tax the net asset value was £40.6m (2006 : £25.7m). Adjusting for the £10.1m net proceeds raised on AIM this equates to an increase in net asset value of 15.4% before deferred tax (2006 : 16.4%), or 13.2% after deferred tax (2006 : 16.3%). The slight reduction in increase compared to 2006 was due to the time taken to invest the £10.1m net proceeds on flotation which earned interest at just below base rate prior to investment.

The Group's investment portfolio movement during the year was as follows:

31st January 2006 Valuation (£)	Acquisitions at Cost (£)	Disposals at Cost (£)	Adjusted 31st January 2006 Valuation (£)	31st January 2007 Valuation (£)
27,700,000	3,969,233	Nil	31,669,233	37,784,000

Financial Performance (continued)
This equates to an uplift in the portfolio valuation of 19.3% before deferred tax (2006 : 20.4%). However, this assumes all acquisitions were made on the first day of the year and therefore the true rate of increase is greater.

The net asset value of £47.7m at 31st January 2007 represented a total increase in net asset value of £35.1m since the Group was originally formed in 1990 having adjusted for the £10.1m net proceeds raised on AIM and the original capital investment of £2.5m. The directors are satisfied that the Group has during the year maintained an annual compound growth rate of 17% after running costs, realisations, losses and distributions but excluding deferred tax (15.5% including deferred tax) since 1990.

Based upon the above figures the Group's net asset value per share as at 31st January 2007 was 163p excluding deferred tax (139p including deferred tax).

The Consolidated Profit on ordinary activities before share based provision was £242k (2006 : £3.5k). This increase was predominantly due to interest earned on the £10.1m net proceeds prior to investment. Turnover dropped to £749k (2006 : £941k) due to the £330k fees and brokerage earned from Carpenter Moore Insurance Services Inc. ceasing on the realisation of this investment in October 2005.

The directors note that at the current corporation tax rate of 30% the estimate of deferred tax is £7.1m. However, under government proposals to reduce the corporation tax rate to 28% from April 2008 this would, based on current figures, reduce this contingent liability to £6.6m.

Future Prospects
During the year under review a number of prospective new investments were considered. Four potential investments were brought to an advanced stage of negotiation and two of these, LEBC Holdings Limited and JMD Specialist Insurance Services Group Ltd, were completed after the year end. For further details please refer to the Post Balance Sheet Events section on page 20 within this report.

Financial Risk Management

The Group's operations expose it to a variety of financial risks. The Group manages the risk to limit the adverse effects on the financial performance of the group by monitoring those risks and acting accordingly. The Group is currently debt free although it has the benefit of a loan facility in place should funding be required.

The monitoring of the financial risk management is the responsibility of the board. The policies of the board of directors are implemented by the Group's finance department under specific guidelines.

Price risk
The Group is exposed to private equity securities price risk. The Group manages the risk by ensuring that a director is appointed to the board of each investee company. In this capacity, the appointed director can advise the Group's board of the investee companies' activities and prompt action can be taken to protect the value of the investment. Management reports are required to be prepared by investee companies for the review of the appointed director and by the Group board.

Credit risk
The Group provides consulting services to its investee companies which are investigated before an investment is made and are continually monitored. As such the directors believe that the credit risk is adequately managed.

Liquidity risk
The Group has a loan facility that is designed to ensure that sufficient funds are available for continued operations if required.

Interest rate cash flow risk
The Group has no interest bearing liabilities but does have interest bearing assets. Interest bearing assets are loans made available to investee companies to aid their expansion, and are normally subject to a minimum interest rate to protect the group from a period of low interest rates.

Currency risk
Although the Group's investments are predominantly within the UK it also makes investments and derives income outside the UK. As such, some of the Group's income and assets are subject to movement in foreign currencies which will affect the profit and loss account in accordance with the Group's accounting policy. The board monitors these movements and manages the risk accordingly.

Results Of The Business

The results for the year are set out on page 23. The directors consider the current state of affairs of the Group to be satisfactory.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31st January 2007 (2006 : £68,948).

Substantial Interests

As at 29th May 2007 the directors have been made aware that the following shareholders held disclosable interests of 3% or more of the issued share capital of the company:

BENEFICIAL OWNER	NO. OF ORDINARY SHARES OF 10P EACH HELD	% OF ISSUED SHARE CAPITAL
Mr B.P. Marsh	17,121,771	58.5
The Tasha Dunbar Trust	1,428,614	4.9
The Stephen Crowther Trust	1,428,614	4.9
Gartmore Investment Management Limited	2,148,821	7.3
Horseman Capital Management Limited	1,450,000	5.0
Sanlam Asset Management Limited	1,200,000	4.1

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 2007 ORDINARY SHARES OF 10P EACH	31ST JANUARY 2006 ORDINARY SHARES OF 10P EACH
Mr B.P. Marsh	17,121,771	8
The Tasha Dunbar Trust	1,428,614	1
The Stephen Crowther Trust	1,428,614	1

Policy On Payment Of Creditors

The Group's policy on the payment of creditors is to settle transactions based upon the supplier's agreed terms of trade. Average creditor days were 23 during the year.

Post Balance Sheet Events

On 19th February 2007 the Group lent a further €1.6m (£1,082,764) to Summa Insurance Brokerage S.L. being the remainder of a €2.0m loan facility provided. For further information please see Note 21.

On 5th March 2007 the Group acquired a 25% shareholding in JMD Specialist Insurance Services Group Limited for £600,000. In addition a £250,000 loan facility was provided, although this has not been drawn down to date.

On 10th April 2007 the Group acquired a 22.5% shareholding in LEBC Holdings Limited for an initial consideration of £1,783,250 with a potential further payment of up to £182,250 based upon the subsidiary company's audited 31st May 2007 accounts.

On 18th May 2007 the Group took up its pro-rata proportion of a £5.5m rights issue in Hyperion Insurance Group Limited at a cost of £1,546,144 thereby retaining its 27.89% shareholding in the company.

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).

Going Concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the Group's budget for 2008, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue its operation for the foreseeable future.

Auditors

The auditors, Rawlinson & Hunter, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

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

By order of the Board
R.G. King
4th June 2007
Company Secretary

Independent Auditors Report To The Shareholders Of B.P. Marsh & Partners Plc

We have audited the financial statements of B. P. Marsh & Partners Plc for the year ended 31st January 2007 which comprise the consolidated profit and loss account, consolidated statement of total recognised 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, and whether in our opinion the information given in the Directors Report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the accounts. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

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.

Basis Of Audit Opinion (continued)

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 2007 and the profit and cash flows of the Group for the year then ended;
- the financial statements and the auditable part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985;
- The information given in the Group Directors' Report is consistent with the Financial Statements.

Rawlinson & Hunter
Registered Auditors and Chartered Accountants
Eagle House
110 Jermyn Street
London
SW1Y 6RH

4th June 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JANUARY 2007

	NOTES	2007 £	2007 £	2006 £	2006 £
Turnover	1		**749,313**		**940,606**
Staff costs	3	1,495,441		1,506,799	
Depreciation	9	4,154		5,697	
Other operating charges		714,217		708,384	
Operating costs			**(2,213,812)**		**(2,220,880)**
Other operating income – fixed asset investment income			**1,278,049**		**986,958**
Operating loss			**(186,450)**		**(293,316)**
Provision against investments and loans		–		(232,023)	
Profit on disposal of fixed asset investments	10	114,703		574,316	
Interest receivable and similar income		346,537		32,551	
Interest payable and similar charges	2	(32,541)		(78,014)	
			428,699		**296,830**
Profit on ordinary activities before share based provision			**242,249**		**3,514**
Share based provision	14,23		**(222,028)**		**–**
Profit on ordinary activities before taxation	5		**20,221**		**3,514**
Taxation	6		**–**		**–**
Profit on ordinary activities after taxation	14		**20,221**		**3,514**
Earnings per share – basic & diluted	8		0.07p		

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

The notes on pages 27 to 43 form part of these accounts.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST JANUARY 2007

	NOTES	2007 (£)	2006 (£)
Retained profit/(loss) for the financial year		20,221	(65,434)
Realised revaluation deficit on sale of investments		-	(24,883)
Unrealised surplus on revaluation of investments	*10*	6,114,767	4,473,107
Total recognised profit for the year		**6,134,988**	**4,382,790**

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31ST JANUARY 2007

	2007 (£)	2006 (£)
Reported profit on ordinary activities before taxation	20,221	3,514
Realisation of investment revaluation losses of previous periods	-	(24,883)
Historical cost profit/(loss) on ordinary activities before taxation	**20,221**	**(21,369)**
Historical cost profit/(loss) for the year retained after taxation and dividends	**20,221**	**(90,317)**

The notes on pages 27 to 43 form part of these accounts.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31ST JANUARY 2007

	NOTES	GROUP 2007 (£)	GROUP 2006 (£)	COMPANY 2007 (£)	COMPANY 2006 (£)
Fixed assets					
Tangible assets	*9*	4,939	8,136	–	–
Investments	*10*	37,784,000	27,700,000	37,833,532	–
		37,788,939	**27,708,136**	**37,833,532**	**–**
Debtors: due after more than one year	*11*	**3,091,034**	**3,230,955**	**10,154,796**	**–**
Current assets					
Debtors	*11*	1,056,121	3,413,415	–	1
Cash at bank and in hand		6,988,920	1,083,896	1,210	–
		8,045,041	**4,497,311**	**1,210**	**1**
Creditors – amounts falling due within one year	*12*	(1,209,328)	(1,733,034)	–	–
Net current assets		**6,835,713**	**2,764,277**	**1,210**	**1**
Total assets less current liabilities		**47,715,686**	**33,703,368**	**47,989,538**	**1**
Creditors – amounts falling due after more than one year	*12*	–	(2,500,000)	–	–
		47,715,686	**31,203,368**	**47,989,538**	**1**
Capital and reserves					
Called up share capital	*13*	2,928,614	2,519,553	2,928,614	1
Shares to be issued	*14*	222,028	–	222,028	–
Share premium account	*14*	9,369,582	16,584	9,369,582	–
Revaluation reserve	*14*	25,324,066	19,209,299	35,468,604	–
Capital redemption reserve	*14*	–	10	–	–
Reverse acquisition reserve	*14*	393,253	–	–	–
Profit and loss account	*14*	9,478,143	9,457,922	710	–
Shareholders' funds		**47,715,686**	**31,203,368**	**47,989,538**	**1**

Approved by the Board on 4th June 2007
and signed on its behalf by: **B. P. Marsh and J. S. Newman**

The notes on pages 27 to 43 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JANUARY 2007

	NOTES	2007 (£)	2006 (£)
Cash outflow from operating activities	*15*	(454,664)	(329,651)
Returns on investment and servicing of finance	*16*	313,996	(45,463)
Taxation		–	–
Capital expenditure and financial investment	*17*	(1,609,611)	(563,881)
Equity dividends		–	(68,948)
Cash outflow before financing		**(1,750,279)**	**(1,007,943)**
Financing	*18*	7,655,303	1,500,000
Increase in cash in the year	*19*	**5,905,024**	492,057
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period	*19*	5,905,024	492,057
Cash inflow / (outflow) from change in funds		2,500,000	(1,500,000)
Movement in net funds in the period		**8,405,024**	**(1,007,943)**
Opening net funds		(1,748,418)	(740,475)
Closing net funds	*19*	**6,656,606**	**(1,748,418)**

The notes on pages 27 to 43 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 made a profit for the year of £710 (2006 : £nil).

Reverse acquisition accounting
On 1st February 2006 B. P. Marsh & Partners Plc became the legal parent company of B. P. Marsh & Company Limited in a share-for-share exchange transaction. The former B. P. Marsh & Company Limited shareholders became the majority holders of the share capital of the enlarged group. Furthermore, the Company's continuing operations and executive management were those of B. P. Marsh & Company Limited. Therefore the substance of the combination was that B. P. Marsh & Company Limited acquired B. P. Marsh & Partners Plc in a reverse acquisition.

Under the requirements of the Companies Act 1985, it would normally be necessary for the Company's consolidated accounts to follow the legal form of the business combination. This would mean that the difference between the book value of the shares issued by B. P. Marsh & Partners Plc as consideration for the acquisition of B. P. Marsh & Company Limited and the share capital in B. P. Marsh & Company Limited be accounted for as goodwill. The directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view. In invoking the true and fair override, the directors note that reverse acquisition accounting is endorsed under International Financial Reporting Standard 3 and that the Urgent Issues Task Force (UITF) of the UK's Accounting Standards Board has considered the subject and concluded that there are instances where it is right and proper to invoke the true and fair override in such a way (UITF Information Sheet 17).

There are a number of effects on the consolidated financial statements of adopting reverse acquisition accounting. The principal effect of consolidating using reverse acquisition accounting is that no goodwill arose on consolidation. A merger reserve is created which reflects the difference between the book value of the shares issued by B. P. Marsh & Partners Plc as consideration for the acquisition of B. P. Marsh & Company Limited and the share capital in B. P. Marsh & Company Limited. Under normal acquisition accounting the goodwill arising on the investment by B. P. Marsh & Partners Plc in B. P. Marsh & Company Limited would be shown on the consolidated balance sheet and amortised in accordance with FRS 10. The directors believe that by adopting reverse acquisition accounting the consolidated profit and loss account more fairly reflects the actual trading results of the Group.

Employee services settled in equity instruments
The Group issued equity settled share-based awards to certain employees and advisors. A fair value for the equity settled share awards is measured at the date of grant. The Group measured the fair value using the valuation technique most appropriate to value each class of award, either the Black-Scholes or a Trinomial valuation method.

The fair value of each award is recognised as an expense over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The level of vesting is reviewed annually; and the charge is adjusted to reflect actual or estimated levels of vesting with the corresponding entry to equity.

Turnover
Turnover represents the amounts receivable, excluding value added tax, in respect of the provision of consultancy services which are recognised as that service is provided. All turnover is derived from the UK except for income derived from Summa Insurance Brokerage S.L. (Spain) and Oakbridge Insurance Services (USA), the details of which are disclosed in Note 25.

1. Accounting Policies (continued)

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; and
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.

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
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Deferred taxation
Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1. Accounting Policies (continued)

Deferred taxation (continued)
Deferred tax asset and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

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 under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Financial Instruments
Financial instruments are recognised when the Group becomes party to the contract. They are initially measured at the transaction price.

Loans and Debtors
Loans and debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a counterparty with no intention of trading the debtors. Loans and debtors included in trade and other debtors in the balance sheet are initially measured at original invoice amount and subsequently measured after deducting any provision for impairment.

Borrowings and other financial liabilities
These are measured initially at fair value or at original invoice amount and subsequently measured after deducting any provision for impairment.

The Group does not hold or issue derivative financial instruments for trading purposes.

2. Interest Payable And Similar Charges

	2007 (£)	2006 (£)
Other interest	**32,541**	**78,014**

3. Staff Costs

The average number of employees, including directors, employed by the Group during the period was 19 (2006 : 22). All remuneration was paid by B. P. Marsh & Company Limited.

The related staff costs were:

	2007 (£)	2006 (£)
Wages and salaries	1,251,421	1,271,889
Social security costs	150,401	153,669
Pension costs	93,619	81,241
	1,495,441	**1,506,799**

3. Staff Costs (continued)

In addition staff were paid £615,000 (2006 : £120,000) out of the B. P. Marsh Employee Benefit Trust in the year. This cost is not reflected in the profit and loss account of B. P. Marsh & Company Limited in the current year as it is funded through prior year contributions.

4. Directors' Emoluments

The aggregate emoluments of the directors were:

	2007 (£)	2006 (£)
Management services	868,818	845,453
Fees	36,400	46,552
Pension contributions	53,850	50,075
	959,068	**942,080**
Highest paid director		
Emoluments	120,724	255,019
Long term incentive payment	250,000	-
Pension contribution	8,500	15,000
	379,224	**270,019**

The highest paid director for the year includes a payment of £250,000 out of the B. P. Marsh Employee Benefit Trust. This cost is not reflected in the profit and loss account of B. P. Marsh & Company Limited in the current year as it is funded through prior year contributions.

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 (2006 : 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:

	2007 (£)	2006 (£)
Depreciation of owned tangible fixed assets:	4,154	5,697
Auditors remuneration :		
Audit fees (Company £16,000 (2006 : £nil))	36,000	32,650
Other services (Company £16,803 (2006 : £nil))	41,803	23,507
Exchange (gain) / loss	(41,112)	8,595
Operating lease rentals of land and buildings	117,975	117,975

In addition the auditors were also paid £85,000 during the year (2006 : £nil) with regard to services provided in placing the shares of the company to the Alternative Investment Market. This cost was capitalised against the share premium account for the new shares issued.

6. Taxation

The charge for tax comprises:

	2007 (£)	2006 (£)
UK corporation tax for the year	-	-
Factors affecting the charge for the year		
Profit on ordinary activities before tax	**20,221**	**3,514**
Tax at 30% on profit on ordinary activities	6,063	1,054
Effects of:		
Expenses not deductible for tax purposes	66,608	49,404
Non taxable income	(167,447)	(65,274)
Capital allowances in excess of depreciation	(155)	(8)
Other effects:		
Unutilised tax losses carried forward	94,931	39,567
Utilisation of tax losses during the period	-	(472,374)
Net chargeable gains	-	550,995
Provisions against investments not allowable for tax	-	46,800
Non-taxable income (dividends received)	-	(150,164)
Tax charge for the year	-	-

7. Dividends

	2007 (£)	2006 (£)
Ordinary dividends		
Interim dividend paid on:		
"A" Ordinary shares	-	68,948
	-	**68,948**

8. Profit Per Ordinary Share

The calculation of profit per share is based on the following profits and numbers of shares:

	2007 PROFIT (£)	2007 PER SHARE (P)
Profit		
Profit after taxation	20,221	0.07p

	Number
Shares	
Weighted average number of shares basic and diluted	29,286,143

Due to the capital restructuring that occurred prior to the Group's admission onto AIM it has been considered that the use of 2006 comparative data would not prove meaningful.

9. Tangible Fixed Assets

Group

	FURNITURE & EQUIPMENT (£)
Cost	
At 1st February 2006	97,925
Additions	957
At 31st January 2007	**98,882**
Depreciation	
At 1st February 2006	89,789
Charge for the year	4,154
At 31st January 2007	**93,943**
Net book value	
At 31st January 2007	4,939
At 31st January 2006	8,136

10. Fixed Asset Investments

Group investments

	TOTAL (£)
At valuation	
At 1st February 2006	27,700,000
Additions	3,969,233
Movement in valuation	6,114,767
At 31st January 2007	**37,784,000**
At cost	
At 1st February 2006	8,490,701
Additions	3,969,233
At 31st January 2007	**12,459,934**

The Group received $681,000 (£381,709) as part of the funds withheld in escrow on the sale of Carpenter Moore Insurance Services Inc ("CMIS") in October 2005. Originally $484,000 of the Group's proceeds had been withheld to ensure that a minimum level of working capital was achieved. However, on completion of CMIS' audited accounts to 30th September 2005 there was a surplus which generated a further profit for the Group of £109,799 (2006: £183,346). Also included in profit on disposal of fixed asset investments is £4,904 (2006: £390,970) which relates to income received from investments written off in prior years and the reversal of an impairment provision.

10. Fixed Asset Investments (continued)

The investee companies, which are registered in England except Summa Insurance Brokerage S.L. (Spain), Preferred Asset Management Ltd (Jersey) and New Horizons Ltd (Isle of Man), 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
Berkeley Insurance (Holdings) Limited	19.90	31.10.06	80,000	34,000	Insurance holding company
Besso Holdings Limited	23.55	31.12.05	8,041,671	141,461	Investment holding company
HQB Partners Limited	28.00	31.12.06	304,570	302,484	Investor relations consultants
Hyperion Insurance Group Limited	27.89	30.09.06	11,318,000	2,946,000	Insurance holding company
Paterson Martin Limited	22.50	31.12.06	504,113	110,016	Actuarial insurance/ reinsurance consultants
Portfolio Design Group International Limited	20.00	31.12.06	5,228,504	1,672,080	Fund managers of traded endowment policies
Morex Commercial Ltd	20.00	31.07.06	(493,864)	788,943	Trading in secondary life policies
Preferred Asset Management Ltd	20.00	30.09.06	267,753	72,672	Fund management company
New Horizons Ltd (formerly Surrenda-Link Nominees Ltd)	20.00	31.12.04	654	Nil	Investment holding company
Principal Investment Holdings Limited	19.00	31.12.06	5,394,000	1,435,000	Fund management company
Public Risk Management Limited	44.00	31.12.06	(277,057)	3,943	Public sector risk management consultants
Summa Insurance Brokerage, S.L.	35.00	31.12.05	385,361	(126,648)	Consolidator of regional insurance brokers

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.

Under FRS 25 the HQB Consulting Limited accounts have included the company's 28% 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 the profit has been adjusted by the dividend paid out.

10. Fixed Asset Investments (continued)

Under FRS 25 the Hyperion Insurance Group Limited accounts have included their Preferred Ordinary Shares as a long-term creditor. As this is in reality equity the aggregate capital and reserves shown have therefore been increased by £4,125,000 to include this as equity and the profit has been increased by £200,000 which relates to the dividend paid out.

Company investments:

	SHARES IN GROUP UNDERTAKINGS(£)
At valuation	
At 1st February 2006	-
Additions	2,364,928
Movement in valuation	35,468,604
At 31st January 2007	37,833,532
At cost	
At 1st February 2006	-
Additions	2,364,928
At 31st January 2007	2,364,928

Shares in group undertakings

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

NAME OF COMPANY	% HOLDING OF SHARE CAPITAL	AGGREGATE CAPITAL AND RESERVES AT 31ST JANUARY 2007 (£)	PROFIT/(LOSS) FOR THE YEAR TO 31ST JANUARY 2007 (£)	PRINCIPAL ACTIVITY
B. P. Marsh & Company Limited	100	37,559,680	(135,220)	Consulting services and investment holding company
Marsh Insurance Holdings Limited	100	20,576,536	154,731	Investment holding company
B. P. Marsh & Co. Trustee Company Limited	100	1,000	-	Dormant
Marsh Development Capital Limited	100	1	-	Dormant

11. Debtors

	Group 2007 (£)	Group 2006 (£)	Company 2007 (£)	Company 2006 (£)
Due within one year				
Trade debtors	188,786	245,092	-	-
Loans to investee companies	250,000	2,510,000	-	-
Other debtors	410,222	302,388	-	1
Prepayments and accrued income	207,113	355,935	-	-
	1,056,121	**3,413,415**	**-**	**1**
Due after one year				
Loans to investee companies	3,091,034	2,805,000	10,154,796	-
Other debtors	-	425,955	-	-
	3,091,034	**3,230,955**	**10,154,796**	**-**

Included within trade debtors, £129,351 (2006 : £186,317) is owed by the Group's participating interests. Of this total £nil (2006 : £nil) 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.

12. Creditors

	Group 2007 (£)	Group 2006 (£)	Company 2007 (£)	Company 2006 (£)
Due within one year				
Trade creditors	67,564	40,388	-	-
Corporation Tax	345,504	429,040	-	-
Other taxation & social security costs	63,368	58,639	-	-
Other loans	332,314	332,314	-	-
Other creditors	12	12	-	-
Accruals and deferred income	400,566	872,641	-	-
	1,209,328	**1,733,034**	**-**	**-**
Due after one year				
Other loans	-	2,500,000	-	-
	-	**2,500,000**	**-**	**-**

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).

12. Creditors (continued)

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

13. Called Up Share Capital

	2007 (£)	2006 (£)
Authorised		
50,000,000 Ordinary shares of 10p each (2006 : 50,000,000)	5,000,000	5,000,000
	5,000,000	**5,000,000**
Allotted, called up and fully paid		
29,286,143 Ordinary shares of 10p each (2006 : 10)	2,928,614	1
	2,928,614	**1**

ISSUE OF SHARE CAPITAL

On incorporation on 13th January 2006 50,000,000 10p Ordinary shares were authorised and 10 10p Ordinary shares were issued.

On 1st February 2006 731 10p deferred shares of B. P. Marsh & Company Limited were issued.

On 1st February 2006 21,428,990 10p Ordinary shares were issued. The total issued shares of 21,429,000 10p Ordinary shares were then used in a share-for-share exchange with B. P. Marsh & Company Limited (see Note 1) whereby the shareholders of B. P. Marsh & Company Limited became the shareholders of B. P. Marsh & Partners Plc.

On 2nd February 2006 7,857,143 10p Ordinary shares were issued as the company admitted its shares for trading on the Alternative Investment Market ("AIM").

14. Reconciliation Of Movements In Shareholders' Funds

Group

	Share capital (£)	Shares to be issued (£)	Share premium account (£)	Revaluation reserve (£)	Capital redemption reserve (£)	Reverse acquisition reserve (£)	Profit and loss account (£)	Total (£)
At 1st February 2006	2,519,553	-	16,584	19,209,299	10	-	9,457,922	31,203,368
Profit for the year	-	-	-	-	-	-	20,221	20,221
Issue of shares	2,928,621	-	10,214,286	-	-	-	-	13,142,907
Shares to be issued	-	222,028	-	-	-	-	-	222,028
Acquisition of subsidiary undertaking	(2,519,560)	-	(16,584)	-	(10)	393,253	-	(2,142,901)
Placement costs	-	-	(844,704)	-	-	-	-	(844,704)
Surplus on revaluation of investments	-	-	-	6,114,767	-	-	-	6,114,767
At 31st January 2007	**2,928,614**	**222,028**	**9,369,582**	**25,324,066**	**-**	**393,253**	**9,478,143**	**47,715,686**

Company

	Share capital (£)	Shares to be issued (£)	Share premium account (£)	Revaluation reserve (£)	Profit and loss account (£)	Total (£)
At 1st February 2006	1	-	-	-	-	1
Profit for the year	-	-	-	-	710	710
Issue of shares	2,928,613	-	10,214,286	-	-	13,142,899
Placement costs	-	-	(844,704)	-	-	(844,704)
Shares to be issued (share based payments)	-	222,028	-	-	-	222,028
Surplus on revaluation of investments	-	-	-	35,468,604	-	35,468,604
At 31st January 2007	**2,928,614**	**222,028**	**9,369,582**	**35,468,604**	**710**	**47,989,538**

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

	2007 (£)	2006 (£)
Operating loss	(186,450)	(293,316)
Depreciation charges	4,154	5,697
Decrease / (increase) in trade debtors, prepayments and other debtors	212,735	(288,031)
(Decrease) / increase in creditors	(440,172)	238,069
Foreign exchange gain provision on profit on sale of investments and a reduction in foreign tax liability	(44,931)	7,930
Net cash outflow from operating activities	**(454,664)**	**(329,651)**

16. Returns On Investment And Servicing Of Finance

	2007 (£)	2006 (£)
Interest received	346,537	32,551
Interest paid	(32,541)	(78,014)
	313,996	**(45,463)**

17. Capital Expenditure And Financial Investment

	2007 (£)	2006 (£)
Purchase of tangible fixed assets	(957)	(3,770)
Purchase of investments	(3,969,233)	(271,378)
Proceeds on sale of investments	386,613	1,864,603
Repayment / (payment) of loans from / (to) investee companies	1,973,966	(2,153,336)
	(1,609,611)	**(563,881)**

18. Financing

	2007 (£)	2006 (£)
Cash proceeds from share capital issue	11,000,007	-
Placement costs	(844,704)	-
Loan (repayments) / advances received in the period	(2,500,000)	1,500,000
	7,655,303	**1,500,000**

19. Analysis Of Changes In Net Funds

	At 1st February 2006 (£)	Cash Flows (£)	At 31st January 2007 (£)
Cash at bank and in hand	**1,083,896**	**5,905,024**	**6,988,920**
Debt due within one year	(332,314)	-	(332,314)
Debt due after one year	(2,500,000)	2,500,000	-
	(1,748,418)	**8,405,024**	**6,656,606**

20. 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 2007:

	2007 Land and Buildings (£)	2006 Land and Buildings (£)
Operating leases which expire:		
Within two to five years	117,975	117,975

21. Loan Commitments

On 31st January 2005 the Group entered into an agreement to provide a loan facility of €1,500,000 to Summa Insurance Brokerage S.L, an associated company and a company incorporated in Spain. On 29th January 2007 this was increased to €2,000,000. As at 31st January 2007 €400,000 of this facility had been drawn down with the remainder being drawn down on 19th February 2007.

On 15th April 2004 the Group entered into an agreement to provide a loan facility of £300,000 to Paterson Martin Limited, an associated company. On 22nd January 2007 £200,000 of this facility was drawn down.

On 7th February 2005 the Group entered into an agreement to provide a loan facility of £140,000 to HQB Partners Limited, an associated company. As at 31st January 2007 £80,000 of this facility had been drawn down.

22. Contingent Liabilities

The directors estimate that, if the Group were to dispose of all its investments at the amount stated in the Balance Sheet, £7,110,057 (2006: £5,490,909) of tax on capital gains would become payable by the Group at the current corporation tax rate of 30%. No account has been made of the proposal to reduce this rate to 28% from April 2008. Of this total contingent liability the directors estimate that the company's liability is £nil (2006 : £nil).

The Group has entered into long-term incentive arrangements with certain employees. Provided the employees remain in employment with the Group as at 1st November 2010 the Group has agreed to pay bonuses totaling £450,000 plus Employers' National Insurance. £50,000 of this is currently funded through an Employee Benefit Trust.

23. Share Based Payment Arrangements

During the year ended 31st January 2007, B. P. Marsh & Partners Plc entered into a share-based payment arrangement with certain employees and advisors. The details of the arrangements are described in the following table:

NATURE OF THE ARRANGEMENT	SHARE OPTIONS GRANTED TO ADVISORS	SHARE OPTIONS GRANTED TO ADVISORS	SHARE APPRECIATION RIGHTS
Date of grant	2nd February 2006	9th February 2006	19th April 2006
Number or instruments granted	17,857	17,857	4,392,921
Exercise price (pence)	140.00	140.00	140.00
Share price at grant (pence)	150.50	150.50	150.50
Vesting period (years)	5	5	Units vest 10 days after results to 31/01/09 reported, i.e. approx 3 years
Vesting conditions	None	None	50% vest if IRR over exercise price exceeds 5% and 100% vest if IRR exceeds 8% after 3 years. Between 5% and 8% it is pro-rata.
Option life (years)	5	5	3.34
Expected volatility	15%	15%	15%
Risk free rate	4.2%	4.15%	4.52%
Expected dividends expressed as a dividend yield	0%	0%	0%
Settlement	Shares	Shares	Shares
% expected to vest (based upon leavers)	100%	100%	80%
Number expected to vest	17,857	17,857	3,514,337
Fair value per granted instrument (pence)	41.90	41.20	23.50
Charge for year ending 31st January 2007 (£)	7,482	7,357	207,189
Valuation model	Black-Scholes	Black-Scholes	Trinomial

The company admitted its shares for trading on AIM on 2nd February 2006 and consequently, at the date of valuation of the options, little historical price data existed. As a consequence the volatilities of quoted companies that the directors considered to be the most comparable to the Group were used to determine the Group's expected volatility over the life of the options.

The risk free rates are based on the yield on UK Government Gilts of a term consistent with the assumed option life.

No options were exercised during the year. 878,584 share appreciation rights representing 20% of the available units were granted during the year but forfeited before 31st January 2007. The expected number of units to vest has therefore been adjusted accordingly with no further expectation of forfeiture over the remaining life of the option.

24. Financial Instruments

The Group's financial instruments comprise loans to participating interests, cash and liquid resources and various other items, such as trade debtors, trade creditors and other debtors and creditors. These arise directly from the Group's operations.

The Group has not entered into derivatives transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are price risk, credit risk, liquidity risk, interest rate cash flow risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarized in the director's report under "Financial Risk Management".

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 "Derivatives and Other Financial Instruments" (FRS 13). Certain financial assets such as investments in subsidiary undertakings are excluded from the scope of these disclosures.

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures, other than the currency disclosures.

Interest Rate Profile
The Group has cash balances of £6,988,920 (2006 : £1,083,896), which are part of the financing arrangements of the company. The cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged between 3.7% p.a. and between 5.1% p.a. in the period (2006 : ranged between 2.9 % p.a. and 4% p.a.). Maturity periods ranged between immediate access and 7 days (both years).

Currency hedging
During the period, the Group did not engage in any form of currency hedging transaction (2006 : none).

Financial liabilities
The company had no borrowings during the period (2006 : £2,500,000).

Fair values
All the financial assets and liabilities at 31st January 2007 were revalued where the directors consider they are materially different from their book values.

25. Related Party Disclosures

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

	2007 (£)	2006 (£)
Besso Holdings Ltd	-	600,000
HQB Partners Ltd	80,000	80,000
Hyperion Insurance Group Ltd	2,350,000	3,850,000
Jump Group Ltd	-	1,400,000
Paterson Martin Ltd	200,000	-
Public Risk Management Ltd	445,500	375,000
Summa Insurance Brokerage S.L	265,534	-

25. Related Party Disclosures (continued)

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:

	2007 (£)	2006 (£)
Berkeley (Insurance) Holdings Ltd	13,311	12,928
Besso Holdings Ltd	367,441	134,990
Carpenter Moore Group, Inc.	–	329,810
HQB Partners Limited	27,144	25,443
Hyperion Insurance Group Ltd	457,787	504,259
Jump Group Ltd	3,603	–
Oakbridge Insurance Services LLC	41,735	–
Paterson Martin Limited	42,254	43,614
Portfolio Design Group International Ltd	25,000	41,952
Principal Investment Holdings Ltd	52,296	51,033
Public Risk Management Ltd	57,493	55,355
Summa Insurance Brokerage S.L	76,069	54,777

In addition the Group made management charges to Marsh Christian Trust of £36,000 (2006 : £46,000). Mr B. P. Marsh, the Chairman and majority shareholder of the Company, is also the Trustee and Settlor of Marsh Christian Trust.

As at 31st January 2007 the Group owed £nil (2006 : £2,500,000) to Mr B. P. Marsh, who is the Chairman and majority shareholder of the company. On 8th February 2006 the £2,500,000 loan drawn down was repaid in full following the Group's admission to AIM and this loan was replaced with a new £3,000,000 facility. This new facility is on the same interest and repayment terms but also has a charge of 1% p.a. on any undrawn amount. Interest (including any undrawn rate) paid to him during the period amounted to £32,541 (2006 : £78,014).

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

26. 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.

No amounts were paid under this contract during the year (2006 : £nil).

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

27. Post Balance Sheet Events

On 19th February 2007 the Group lent a further €1.6m (£1,082,764) to Summa Insurance Brokerage S.L. being the remainder of a €2.0m loan facility provided. For further information please see Note 21.

On 5th March 2007 the Group acquired a 25% shareholding in JMD Specialist Insurance Services Group Limited for £600,000. In addition a £250,000 loan facility was provided, although this has not been drawn down to date.

On 10th April 2007 the Group acquired a 22.5% shareholding in LEBC Holdings Limited for an initial consideration of £1,783,250 with a potential further payment of up to £182,250 based upon their subsidiary company's audited 31st May 2007 accounts.

On 18th May 2007 the Group took up its pro-rata proportion of a £5.5m rights issue in Hyperion Insurance Group Limited at a cost of £1,546,144 and thereby retaining its 27.89% shareholding in the company.

NOTES

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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