

B. P. MARSH & PARTNERS PLC

EXTRACT FROM THE INTERIM
RESULTS FOR THE PERIOD
ENDED 31ST JULY 2010

COMPANY INFORMATION



DIRECTORS

Brian Marsh OBE (*Chairman*)
Jonathan Newman (*Group Director of Finance*)
Robert King (*Director*)
Natasha Dunbar (*Non-executive*)
Stephen Clarke (*Non-executive*)
Philip Mortlock (*Non-executive*)

COMPANY SECRETARY

Robert King

COMPANY NUMBER

5674962

REGISTERED OFFICE

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London, SW1H 0BH

AUDITORS

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BROKER AND NOMINATED ADVISER

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London, EC2Y 9AR

REGISTRAR

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Woodsome Park, Fenay Bridge
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This is an extract from B. P. Marsh & Partners Plc's Interim Results for the period ended 31st July 2010. Full copies of the Interim Results are available from the Investor Information section of the company's website (www.bpmarsh.co.uk) or by writing to the company at its registered office address.

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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.

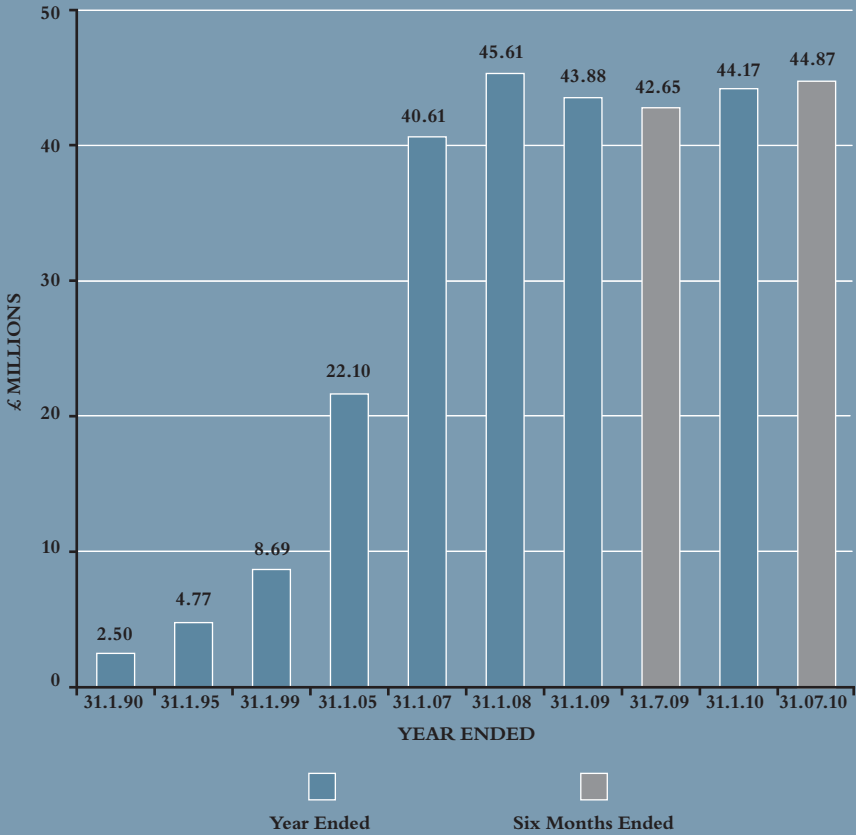
The Group has a considerable bank of experience in the financial services sector and seeks to use this experience to add value to its investments. It is also able to provide consultancy and administrative services to its portfolio of investments when required.

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

GROUP VALUATION



The valuations from 31st January 2007 include £10.1 million net proceeds raised on AIM.



CHAIRMAN'S STATEMENT



I am pleased to present the interim results for B. P. Marsh & Partners Plc (“B. P. Marsh” or the “Group”) and its consolidated statements for the six-month period ended 31 July 2010 (the “Period”).

It has been another good six months for our Group, despite the continued turbulence of the global economy.

HIGHLIGHTS

During the first six months of the year the Company’s Net Asset Value grew to £44.9m at 31 July 2010, from £44.2m at 31 January 2010, an increase of 1.6% and 2.3% before dividends. At 31 July 2009 our Net Asset Value stood at £42.7m, so we have achieved an increase of £2.2m, or 5%, or £2.5m and 5.9% before dividends, over the past 12 months.

At 31 July 2010 the Group’s unaudited accounts showed a consolidated profit before tax of £1.384m, a satisfactory turnaround from a loss before tax of £1.76m for the six months to 31 July 2009 and profit before tax of £0.06m for the year to 31 January 2010.

The NAV per share at the period end was 153p, an increase of 7p, or 5%, from 146p at 31 July 2009, so the shares were trading at a discount of 45% to NAV to the closing price of 84.5p on 27 October 2010.

During the period we completed a new investment in US Risk (UK) Ltd, the holding company for Oxford Insurance Brokers Ltd, a Lloyd’s insurance and reinsurance broker.

Having paid a maiden dividend on 30 July 2010, of 1p per share for the previous full year, it remains the Board’s ambition to continue dividend payments in the future.

NEW INVESTMENT - US RISK (UK) LTD

We completed an investment in US Risk (UK) Ltd (“US Risk”), the parent company of Oxford Insurance Brokers, a London-based Lloyd’s insurance and reinsurance broker, on 22 July 2010. We acquired a 30% stake in US Risk for a cash consideration of £1.39m together with an agreement to provide additional funding of up to £1.95m, subject to conditions. The equity investment was funded from existing cash resources.

We saw this as an excellent investment opportunity, falling within the heartland of our skills and experiences, with a compelling business plan, good management and strong investment partners. The majority shareholder in US Risk is US Risk Inc, a Dallas-based insurance intermediary focusing on wholesale brokerage and speciality insurance products that is one of the largest in the US, with eleven domestic and international branches.

The shareholders are very supportive of management’s growth targets for US Risk and

CHAIRMAN'S STATEMENT

(CONTINUED)



Oxford Insurance Brokers and are working with them to achieve their ambitions. Our investment will be used to further diversify core areas of business; Professional Indemnity, North American property and specialty lines, special risk and reinsurance and to develop new areas and territories.

PORTFOLIO UPDATE

Hyperion Insurance Group Ltd (“Hyperion”)

Hyperion Insurance Group, in which the Group has a 19.5% stake, continues to grow at an impressive rate, with revenue growth of just under 34% and an EBITDA margin of 13% in the year to 30 September 2009. Revenues are targeted to increase by at least 27% in the year to 30 September 2010. Hyperion has again been nominated in the IMAS Top 50 Brokers list as one of the fastest growing insurance broking companies in the UK.

Since 31 July 2010, Hyperion Broking Group has announced that it has agreed to acquire Singapore's Accette Insurance Group, subject to contract and regulatory approval. The acquisition will give Hyperion a strong footing in Asia, with Accette trading with offices in Hong Kong, Indonesia, Malaysia, the Philippines, Thailand as well as Singapore, where Hyperion has recently secured a reinsurance licence. The acquisition continues Hyperion's penetration into the Asian market.

In October 2009 Hyperion acquired Hendricks, the biggest independent specialist D&O and commercial expenses broker in Germany. The acquisition has performed according to plan and continues to build on its market share in Germany, which currently stands at over 10%.

Besso Holdings Ltd (“Besso”)

Over the first six months of the 2010 financial year Besso Holdings Ltd has developed an in-house underwriting agency, Gladstone Underwriting Agency Ltd. The focus of this agency will be SME commercial liability insurance. The underwriting director is Vanessa Lampard, previously a liability underwriter at Ace Underwriting Group. Management at Besso are confident that this venture will further add to their service offering and boost Besso's position in this sector.

Besso has further expanded its international reach with the establishment of offices in Hong Kong and Turkey, as well as developing business relationships in Qatar. Management believe that, in circumstances where insurance premium rates continue to soften in the North American market, these developments will diversify Besso's income stream and enable them to look beyond their primary focus on North American wholesale business.

CHAIRMAN'S STATEMENT

(CONTINUED)



BUSINESS STRATEGY

The Group typically invests amounts of up to £2.5m and only takes minority equity positions, normally acquiring between 15% and 45% of an investee company's total equity. Based on our current portfolio, the average investment has been held for approximately six years. 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 a robust investment process, management experience of the sector and a flexible approach towards exit strategies.

DIRECTORS' LOAN

As previously announced, during the period the Group secured a loan facility of £4.32m from several of its Directors, on favourable terms. The line of credit is intended to enable the Group to take advantage of further investment opportunities as and when they arise. The Directors are confident in the Group's future prospects and believe that their willingness to provide their own funds in this way demonstrates this confidence.

MARKET OVERVIEW AND INVESTMENT OPPORTUNITIES

Insurance Market

The market continues to struggle with soft rates, demonstrated by the fall in Lloyd's interim profit before tax to £628m at 30 June 2010, from £1,322m the previous year. Recent months have seen a renewal of M&A interest in the insurance sector, with an increase in private equity interest as demonstrated by the Apollo Management and CVC Capital £850m bid for Brit Insurance. More large and small scale M&A activity is generally expected.

In our sector niche, the repeal of the Lloyd's Act (in part) allowing Brokers to own managing agents has meant that we continue to see a number of start-up managing agent proposals, with the tendency to be for specialised positioning in particular lines of business. Continued consolidation amongst the big three (AON, Willis and Marsh) also provides opportunities for our investee companies to take advantage of individuals and teams of people who might not wish to work for one of the larger firms.

Solvency II

The impending demands of Solvency II, the EU solvency regime required of insurers and re-insurers, is expected to impact primarily on insurance companies, in which the Group does not invest, but we expect it to generate M&A activity amongst those syndicates considered by Solvency II to be under-capitalised.

CHAIRMAN'S STATEMENT

(CONTINUED)



Retail Distribution Review

The RDR, the FSA's undertaking to secure better customer outcomes, comes into effect in 2012. It introduces a new set of rules to the market for retail investment products and affects IFAs, stockbrokers and investment managers. Changes to fee structures and capitalisation requirements for advisory firms and increased levels of qualifications required by advisors are leading to movement within the industry and, consequently, investment opportunities.

There has been some speculation as to how much the IFA sector will contract due to the RDR, but we consider the sector to be responding well to the demands of the new regulations. We hope this will continue to bring good investment opportunities our way.

We remain cautious on the economy in general and recognise that conditions remain challenging for many of our investee companies but we are well placed to address any concerns.

SHAREHOLDERS

We are committed to increasing shareholder value and, following our maiden dividend declaration, it is the Directors ambition to maintain dividend payments and to deliver sustainable shareholder returns that reflect performance. Our investment portfolio is demonstrating its potential for growth and we believe this will continue, creating additional value for our shareholders. We have an experienced team working to achieve this growth, whilst continuing to develop both potential exit strategies and new investment opportunities.

OUTLOOK

We intend to continue to grow the value of our current portfolio at a sustainable but challenging rate, whilst considering new investment opportunities according to our investment criteria. Current market conditions and approaching regulatory changes continue to produce a steady flow of investment opportunities.

We intend to update the market on trading again after our next period end of 31 January 2011.

Brian Marsh OBE
Chairman
27th October 2010

DIRECTORS



References throughout the Reports and Consolidated Financial Statements to the “Company” or “B. P. Marsh” refers to B. P. Marsh & Partners Plc, and references to the “Group” refers to the consolidated group, being the Company and its subsidiary undertakings.

Brian Marsh OBE

(Chairman), aged 69 (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. Brian has over 30 years’ experience in building, buying and selling financial services businesses particularly in the insurance sector. He is the Group’s nominee director on the boards of several investee companies and is also a majority shareholder in B.P. Marsh owning 59.1% of the Company.

Jonathan Newman ACMA, MSI

(Group Finance Director), aged 35 (I) (V)

Jonathan is a Chartered Management Accountant with over 13 years’ experience in the financial services industry. He joined the Group in November 1999 and was appointed a director of B. P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group’s finance function, evaluates new investment opportunities and is also the Group’s nominee director on the boards of several investee companies.

Robert King LLB, ACIS

(Director and Group Company Secretary), aged 31 (I)

Robert is a Chartered Secretary and joined the Group in 2003 having started his career at PricewaterhouseCoopers. He was appointed a director of B. P. Marsh in November 2007 and continues to be responsible for the Group’s legal, compliance and secretarial functions. He is also the Group’s nominee director on the board of two of its investee companies.

Natasha Dunbar BBA

(Non-executive), aged 40 (R)

Natasha has over 15 years’ experience in the financial services industry. Having joined the Company in 1994 she was made Managing Director in March 2002. In February 2008 Natasha stepped down as Managing Director and became a non-executive director on the board of B. P. Marsh. Natasha continues to act as the Group’s nominee director on the board of one of its investee companies. Trustees on behalf of Natasha own 4.9% of the Company.

DIRECTORS

(CONTINUED)



Stephen Clarke FCA

(Non-executive), aged 72 (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 72 (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 and is also the Group's nominee director on the board of one of its investee companies.

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

INVESTMENTS



As at 31st July 2010 the Group's equity interests were as follows:

Amberglobe Limited

(www.amberglobe.co.uk)

In March 2008 the Group assisted in establishing Amberglobe Limited, a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector.

Date of investment: March 2008

Equity stake: 49.0%

31st July 2010 valuation: £98,000

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: 22.73%

31st July 2010 valuation: £5,668,000

HQB Partners Limited

(www.hqbparkers.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: 27.72%

31st July 2010 valuation: £27,000

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: 19.5%

31st July 2010 valuation: £27,095,000

INVESTMENTS

(CONTINUED)



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: April 2007

Equity stake: 21.95%

31st July 2010 valuation: £2,559,000

Paterson Squared, LLC

(www.paterson2.com)

Paterson Squared 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 counterparty risk transaction advice.

Date of investment: April 2004

Equity stake: 22.5%

31st July 2010 valuation: £228,000

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 July 2010 valuation: £1,935,000

Randall & Quilter Investment Holdings plc

(www.rqih.com)

Randall & Quilter Investment Holdings plc is an AIM listed run-off management service provider and acquirer of solvent insurance companies in run-off. The Group invested in Randall & Quilter in January 2010, the result of a share exchange with the Group's shareholding in JMD Specialist Insurance Services Group Limited, which Randall & Quilter have now wholly acquired

Date of investment: January 2010

Equity stake: 1.23%

31st July 2010 valuation: £648,600

INVESTMENTS

(CONTINUED)



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: 48.63%

31st July 2010 valuation: £5,708,000

US Risk (UK) Limited

(www.oxfordinsurancebrokers.co.uk)

In July of this year the Group completed its investment in US Risk (UK) Limited, the parent company of Oxford Insurance Brokers Limited, a London-based Lloyd's insurance and reinsurance broker.

Date of investment: July 2010

Equity stake: 30%

31st July 2010 valuation: £1,611,000

These investments have been valued in accordance with the accounting policies on Investments set out in the Consolidated Financial Statements.

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31ST JULY 2010



	UNAUDITED 6 MONTHS TO 31 ST JULY 2010 £'000	UNAUDITED 6 MONTHS TO 31 ST JULY 2009 £'000	AUDITED YEAR TO 31 ST JAN 2010 £'000
Gains / (losses) on investment			
Realised gains on disposal of investments	347	-	99
Impairment of Investments and Loans	(223)	(800)	(652)
Unrealised gains / (losses) on investment revaluation	1,396	(1,388)	23
	1,520	(2,188)	(530)
Income			
Dividends	198	140	328
Income from loans and receivables	280	169	474
Fees receivable	394	406	910
	872	715	1,712
Income net of gains / (losses) on investment	2,392	(1,473)	1,182
Operating expenses	(967)	(678)	(1,562)
Operating income / (loss)	1,425	(2,151)	(380)
Financial income	3	21	25
Financial expenses	(6)	-	-
Carried interest provision	(11)	413	412
Exchange movements	(30)	(38)	-
	(44)	396	437
Profit / (loss) on ordinary activities before taxation	1,381	(1,755)	57
Income tax	(388)	525	230
Profit / (loss) on ordinary activities after taxation attributable to equity holders	£993	£(1,230)	£287
Earnings / (loss) per share - basic and diluted (pence)	3.4p	(4.2)p	1.0p

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

CONSOLIDATED BALANCE SHEET

FOR THE PERIOD ENDED 31ST JULY 2010



	UNAUDITED 31ST JULY 2010 £'000	UNAUDITED 31ST JULY 2009 £'000	AUDITED 31ST JAN 2010 £'000
Assets			
Non-current assets			
Property, plant and equipment	36	61	49
Investments	45,578	39,781	42,745
Loans and receivables	4,475	4,899	4,613
	50,089	44,741	47,407
Current assets			
Trade and other receivables	1,412	647	1,085
Cash and cash equivalents	562	4,078	2,972
	1,974	4,725	4,057
Liabilities			
Non-current liabilities			
Carried interest provision	(335)	(323)	(324)
Deferred tax liabilities	(6,656)	(5,974)	(6,268)
	(6,991)	(6,297)	(6,592)
Current liabilities			
Trade and other payables	(201)	(515)	(701)
	(201)	(515)	(701)
Net assets	£44,871	£42,654	£44,171
Capital and reserves - equity			
Called up share capital	2,929	2,929	2,929
Share premium account	9,370	9,370	9,370
Fair value reserve	19,202	16,941	18,057
Reverse acquisition reserve	393	393	393
Retained earnings	12,977	13,021	13,422
Shareholders' funds - equity	£44,871	£42,654	£44,171

The Interim Consolidated Financial Statements were approved by the Board of Directors on 27th October 2010 and signed on its behalf by B.P. Marsh & J.S. Newman.

**GROWTH, MATURITY
AND A VISION FOR SUCCESS.**

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