

B. P. MARSH & PARTNERS PLC

EXTRACT FROM THE INTERIM
RESULTS FOR THE PERIOD
ENDED 31ST JULY 2012

COMPANY INFORMATION



DIRECTORS

Brian Marsh OBE (*Chairman*)
Jonathan Newman (*Group Director of Finance*)
Daniel Topping (*Director*)
Camilla Kenyon (*Director*)
Natasha Dunbar (*Non-executive*)
Stephen Clarke (*Non-executive*)
Philip Mortlock (*Non-executive*)

COMPANY SECRETARY

Sinead O'Haire

COMPANY NUMBER

05674962

REGISTERED OFFICE

2nd Floor, 36 Broadway,
London SW1H 0BH

AUDITORS

Rawlinson & Hunter
8th Floor, 6 New Street Square,
London EC4A 3AQ

BROKER AND NOMINATED ADVISER

Panmure Gordon (UK) Limited
One New Change,
London EC4M 9AF

REGISTRAR

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

CONTENTS



This is an extract from B. P. Marsh & Partners Plc's Interim Results for the period ended 31st July 2012. Full copies of the Interim Results are available from the Announcements 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 seeks 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.

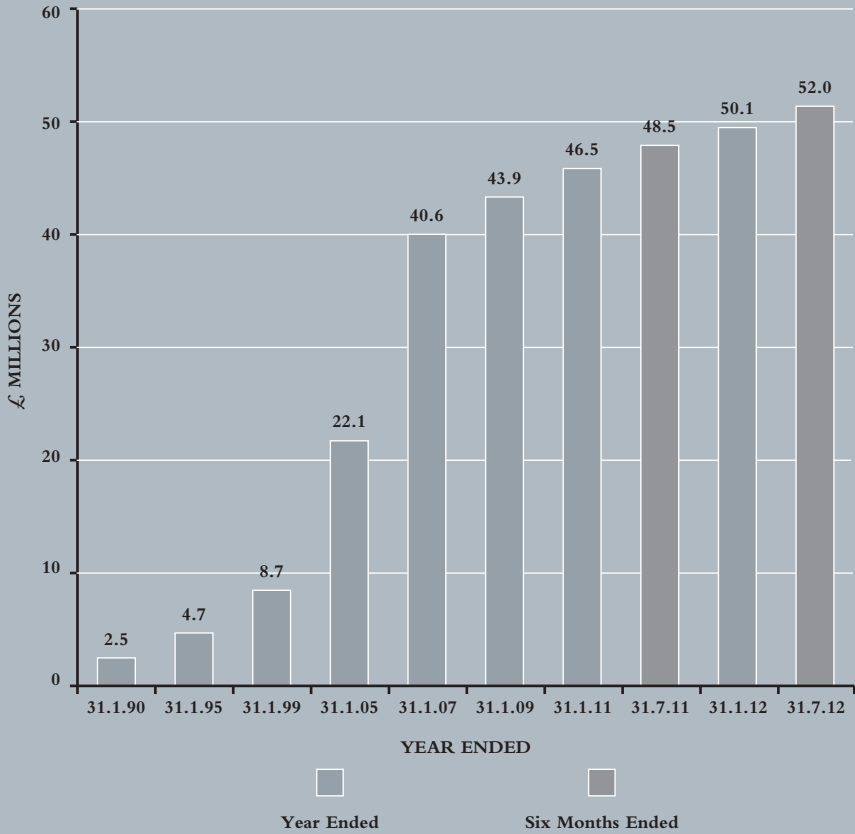
The Group has considerable experience in the financial services sector and seeks to use this experience to add value to its investments. It is also able to provide consultancy and administrative services to its portfolio of investments when required.

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 and all valuations stated below are net of deferred tax.



CHAIRMAN'S STATEMENT



FINANCIAL HIGHLIGHTS

- Net Asset Value (“NAV”) during six month period up 3.8% to £52.0m from £50.1m at 31st January 2012
- NAV year on year increase of 7.3% from £48.5m at 31st July 2011
- NAV per share of 178p, an increase of 12p from 166p at 31st July 2011
- Average compound NAV growth of 11.8% p.a. since 1990 (excl. £10.1m raised on flotation)
- Profit after tax of £2.2m (unaudited), an increase from £2.0m for the six months to 31st July 2011
- £3.3m cash at period-end plus a further £4.325m loan facility available (£2.9m committed to current investments, £0.4m available)

OVERVIEW

We are pleased to announce 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 31st July 2012 (the “Period”).

“Sometimes I sits and thinks and sometimes I just sits”

So famously declared American Baseball Player Leroy “Satchel” Paige.

During the period under review, we here in London experienced the Olympic Games going on all around us. Whilst Paige’s well-remembered words provide, of course, no motto for B.P. Marsh & Partners, we do nonetheless understand what he meant. This is especially the case when we find ourselves reviewing the monthly and quarterly results from our nine investee companies, where more than two thousand people work in a variety of financial service activities.

Distilled from all these endeavours, however, at the half-way point this year, we are pleased that we have again been able to increase our NAV, during this period by 3.8%, and we remain calm and positive in our expectations for the second half of the year.

CHAIRMAN'S STATEMENT

(CONTINUED)



KEY DEVELOPMENTS

Hyperion Insurance Group Limited (“Hyperion”)

Sale of CFC Underwriting Limited (“CFC”)

In June 2012 Hyperion sold its majority holding in CFC Underwriting Group Ltd, the specialist IT-focused D&O and PI underwriting agency for SMEs to a team of investors. The proceeds of the sale were used to reduce the amount of funds required to acquire Windsor Limited.

Completion of acquisition of Windsor Limited (“Windsor”)

Regulatory approval was granted for the acquisition by Hyperion of Windsor from its management, employees and institutional backer Hutton Collins Partners LLP and completion of the acquisition took place on 3rd July 2012.

Majority Acquisition of Conset Seguros

In October 2012 Hyperion entered the Brazilian market by acquiring a 51% stake in Conset Seguros, a specialist broker in the construction industry. This acquisition provides Hyperion a great opportunity to enter the Brazilian market, one of the world's fastest growing economies. Conset Seguros's experience shall also be of benefit to Hyperion's existing clients both in Latin America and Spain.

US Risk (UK) Limited (“US Risk (UK)”)

Acquisition of James Hampden International Insurance Brokers Limited (“JHI”) and Abraxas Insurance AG (“Abraxas”)

On 5th March 2012, US Risk (UK), in which the Group invested in June 2010, acquired the specialist international reinsurance and insurance broking company JHI. Headquartered in London it operates in the Lloyd's and international insurance markets. As part of this acquisition US Risk (UK) additionally acquired JHI's 75% shareholding in Abraxas, an MGA based in Zürich, Switzerland.

The acquisition, part funded by the Group's equity investment in 2010, is in line with US Risk (UK)'s strategy for growth and development, and further adds to its capabilities as a specialist insurance intermediary in the Lloyd's and London Market. As a result of the acquisition the Group's holding in US Risk (UK) reduced from 30% to 28.4%.

CHAIRMAN'S STATEMENT

(CONTINUED)



Amberglobe Limited (“Amberglobe”)

Acquisition of ongoing business of Turner Butler

On 27th July 2012 Amberglobe acquired the assets of Turner & Co (GB) Limited and Turner Butler Limited, the national business sales agent. The acquisition brings together two business brokerages, Amberglobe and Turner Butler, specialists in the SME sales market in the UK and will create a predominant force in that sector. Turner Butler has a proven business model and has demonstrated consistent profitability despite the current economic climate.

The Group provided for the acquisition of the assets of Turner Butler through loan financing, which is expected to be repaid within three years.

Subsequent to this acquisition, the Group's holding has been hived up into a new holding company, The Broucour Group Limited (“Broucour”), under the same terms and equity as per the original holding in Amberglobe, with Amberglobe and Turner Butler Limited as its two wholly owned trading subsidiaries.

Jonathan Newman has been appointed as the Group's nominee director on the Boards of all three companies within the Broucour group, having served previously as the Group's nominee director on the Board of Amberglobe.

The Group views the acquisition as an excellent opportunity to establish Broucour as the leader of the SME sales market in the UK, enabling it to capitalise on this strong positioning over the coming years.

PORTFOLIO UPDATE

Hyperion Insurance Group Limited (“Hyperion”)

Howden completes acquisition of Indonesian broker

Howden Broking Group Limited, the broking subsidiary of Hyperion, completed the acquisition of Accette Insurance Group's Indonesian operation, PT Accette Brokers Asuransi on 6th August 2012. The business has been renamed PT Howden Insurance Brokers Indonesia, and will trade under the Howden brand.

Tim Coles, CEO of Howden Broking Group, commented: *“With the world's fourth largest population and a robust and growing economy, Indonesia is an important global market. The huge infrastructure development currently planned and taking place in the country, combined with a growing affluent community and low levels of insurance penetration, mean that it is also a market of great opportunity which we intend to be a major part of.”*

CHAIRMAN'S STATEMENT

(CONTINUED)



DUAL, winners of Underwriter of the Year

The DUAL Group was named Underwriting Agency of the Year at the British Insurance Awards on 4th July 2012.

US Risk (UK) Limited

Extension of loan facility

On investment in US Risk (UK) Limited in June 2010, the Group provided a £1.95m loan facility for a two year term. The loan was not drawn down and on expiry, it was agreed to provide a new two year facility to July 2014. The loan is intended to enable the company to build on the successful acquisition of James Hampden International Insurance Brokers Limited and Abraxas AG in 2012 with further acquisitions and team lifts.

GROUP STRATEGY, MARKET OVERVIEW AND INVESTMENT OPPORTUNITIES

The Group makes minority investments in financial services businesses, with a particular focus on insurance intermediaries, typically taking an equity stake of between 15% and 45% with initial investment of up to £2.5m.

Over the preceding two years, the Group has taken a prudent approach to new investment opportunities and has prioritised assisting growth and development in its existing investee companies. During the period to 31st July 2012, the investee companies within the portfolio made several acquisitions in the UK and overseas, with which the Group has provided funding and assistance.

However, the inflow of potential new opportunities to the Group remains interesting and two current proposals, in financial services and insurance broking, with geographic focus in the UK and Northern Europe, are being investigated.

SHAREHOLDERS

The Board remains committed to its stated aim of narrowing the discount to NAV and delivering shareholder returns that reflect performance. As part of this strategy, a small share buy-back was undertaken in August 2012; unfortunately this did not have any measurable effect. Efforts to engage with existing and new shareholders by means of increased news flow and meetings have also continued. The Board also approved a dividend for the year ended 31st January 2012 (as described below).

The Directors believe that the Group's investment portfolio is demonstrating steady growth and that the portfolio will continue to increase in value.

CHAIRMAN'S STATEMENT

(CONTINUED)



DIVIDENDS

The Group declared a final dividend of 1p per share for its year ended 31st January 2012, which was paid to its shareholders on 30th July 2012. The Board does not have a policy of recommending interim dividends and accordingly is not minded to recommend an interim dividend for the period to 31st July 2012.

OUTLOOK

Whilst the general outlook remains so unsettled, the Group will continue with its steady approach, continuing to support its existing portfolio to achieve growth targets and retaining a prudent approach to new investment opportunities. Despite some encouraging recent signs in the UK and US economies, the global outlook remains extremely uncertain and the Group will by necessity maintain a measured course.

The Board continues to review all exit opportunities for its portfolio investments and for the Group itself, as and when these may arise.

Brian Marsh OBE
Chairman
23rd October 2012

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 71 (R) (I) (V)

Brian started his career in insurance broking and underwriting in Lloyd’s and the London and overseas market 50 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 majority shareholder in B. P. Marsh owning 59.2% of the Company.

Jonathan Newman ACMA, MCSI

(Group Finance Director), aged 37 (I) (V)

Jonathan is a Chartered Management Accountant with over 15 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 financial function, evaluates new investment opportunities and is also the Group’s nominee director on the boards of three investee companies.

Daniel Topping MCSI, ACIS

(Director), aged 28 (I)

Daniel Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate Member of the Institute of Chartered Secretaries and Administrators (ACIS), having graduated from the University of Durham. He joined B. P. Marsh in February 2007 having started his career at Wilton Group. In 2011, having spent a period of time as Investment Assistant to the Chairman he was appointed as a director of B. P. Marsh and currently has four nominee appointments and evaluates new investment opportunities. Daniel owns 802 ordinary shares in B. P Marsh.

Camilla Kenyon

(Director), aged 39 (I)

Millie was appointed as Head of Investor Relations at B. P. Marsh in February 2009, after four years prior experience with the Company. She is the Head of the New Business Department and chairs the New Business Committee. She holds a Certificate in Investor Relations (Investor Relations Society) and has additional background in media and public relations. Millie currently holds two nominee appointments.

DIRECTORS

(CONTINUED)



Natasha Dunbar BBA

(Non-executive), aged 42 (R)

Natasha has over 17 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. Trustees on behalf of Natasha own 4.9% of the Company.

Stephen Clarke FCA

(Non-executive), aged 74 (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 30 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 75 (R) (A) (V)

A Chartered Accountant with over 40 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 Period

(A) Member of the Audit Committee during the Period

(I) Member of the Investment Committee during the Period

(V) Member of the Valuation Committee during the Period

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31ST JULY 2012



	UNAUDITED 6 MONTHS TO 31 ST JULY 2012 £'000	UNAUDITED 6 MONTHS TO 31 ST JULY 2011 £'000	AUDITED YEAR TO 31 ST JAN 2012 £'000
Gains / (losses) on investment			
Realised gains / (losses) on disposal of investments	1	(20)	(20)
Impairment of investments and loans	-	(239)	(339)
Unrealised gains on investment revaluation	2,217	2,639	4,592
	2,218	2,380	4,233
Income			
Dividends	16	130	661
Income from loans and receivables	441	415	859
Fees receivable	322	219	594
	779	764	2,114
Income net of gains / (losses) on investment	2,997	3,144	6,347
Operating expenses	(727)	(761)	(1,817)
Operating income	2,270	2,383	4,530
Financial income	2	-	-
Financial expenses	(43)	(47)	(104)
Carried interest provision	6	3	32
Exchange movements	(82)	30	(51)
	(117)	(14)	(123)
Profit on ordinary activities before exceptional items	2,153	2,369	4,407
Exceptional items	-	(30)	(30)
Profit on ordinary activities before taxation	2,153	2,339	4,377
Income tax	54	(331)	(732)
Profit on ordinary activities after taxation attributable to equity holders	£2,207	£2,008	£3,645
Earnings per share – basic and diluted (pence)	7.5p	6.9p	12.4p

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31ST JULY 2012

	UNAUDITED 31 ST JULY 2012 £'000	UNAUDITED 31 ST JULY 2011 £'000	AUDITED 31 ST JAN 2012 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	24	14
Investments	47,998	48,692	50,624
Loans and receivables	7,459	6,329	5,983
	55,467	55,045	56,621
Current assets			
Trade and other receivables	1,487	1,757	2,093
Cash and cash equivalents	3,256	448	666
	4,743	2,205	2,759
Liabilities			
Non-current liabilities			
Loans and other payables	(100)	(1,250)	(1,250)
Carried interest provision	(293)	(328)	(299)
Deferred tax liabilities	(7,361)	(7,014)	(7,415)
	(7,754)	(8,592)	(8,964)
Current liabilities			
Trade and other payables	(421)	(174)	(295)
	(421)	(174)	(295)
Net assets	£52,035	£48,484	£50,121
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	23,120	22,909	24,656
Reverse acquisition reserve	393	393	393
Retained earnings	16,223	12,883	12,773
Shareholders' funds - equity	£52,035	£48,484	£50,121

The Interim Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 22nd October 2012 and signed on its behalf by B.P. Marsh & J.S. Newman.

INVESTMENTS



As at 31st July 2012 the Group's equity interests were as follows:

Besso Insurance Group 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 Limited. The company specialises in insurance broking for the North American wholesale market.

Date of investment: February 1995

Equity stake: 30.00%

31st July 2012 valuation: £4,292,000

The Broucour Group Limited

(www.amberglobe.co.uk)

(www.turnerbutler.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. The Broucour Group Limited is the parent company of both Amberglobe Limited and Turner Butler Limited, the national business sales agent which was acquired by The Broucour Group in July 2012.

Date of investment: March 2008

Equity stake: 49.0%

31st July 2012 valuation: £98,000

Hyperion Insurance Group Limited

(www.hyperiongrp.com)

The Group first invested in Hyperion in 1994. Hyperion owns, amongst other things, a registered Lloyd's insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. 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: 13.84% with the Group retaining an economic interest of approx. 14.6%.

31st July 2012 valuation: £31,132,000

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 2012 valuation: £3,213,000

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 2012 valuation: £0

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 2012 valuation: £1,718,000

Randall & Quilter Investment Holdings plc

(www.rqih.com)

Randall & Quilter Investment Holdings 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: 1.35%

31st July 2012 valuation: £691,000

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 2012 valuation: £4,180,000

US Risk (UK) Limited

(www.oxfordinsurancebrokers.co.uk)

(www.jhinternational.co.uk)

In July 2010 the Group completed its investment in US Risk (UK), the parent company of Oxford Insurance Brokers Limited, a London-based Lloyd's insurance and reinsurance broker and James Hampden International Insurance Brokers Ltd, a specialist international reinsurance and insurance broking company.

Date of investment: July 2010

Equity stake: 28.43%

31st July 2012 valuation: £2,674,000

These investments have been valued in accordance with the accounting policies on Investments set out in note 1 of the Consolidated Financial Statements.

GROWTH, MATURITY
AND A VISION FOR SUCCESS.

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